Edmond de Rothschild

Edmond de Rothschild (France)

2021 annual financial report

47, rue du Faubourg Saint-Honoré - 75401 Paris Cedex 08, France
Telephone: +33 (0)1 40 17 25 25
Fax: +33 (0)1 40 17 24 02
Telex: Lacof 280 585 - Swift: COFIFRPP
Website: www.edmond-de-rothschild.fr
A public company with executive and supervisory boards and capital of €83,075,820
Registered with the Paris trade and companies register under number B 572 037 026
NAF 2 business code: 6419 Z

Contents

Shareholders' letter

2021 was a year in which, more than any other, we showed our resilience. The passing of my husband Benjamin de Rothschild in January filled my family and our Group with great sorrow.

On the global stage, there followed a period in which hope alternated with the need for patience, as vaccination programmes advanced, economies reopened and new coronavirus variants emerged. Overall, our Group performed well during the year, accelerating our development while remaining firmly on course in terms of our strategy. We showed strong commercial momentum in all our business areas and geographies, supported by buoyant markets. These good results, achieved despite the complex operating environment, are the best possible tribute we could pay to Benjamin's memory. Together, we have pursued his wish to build a solid banking group, one that embodies a vision of finance combining performance with social impact.

Results show that our ongoing efforts to develop that vision, along with our strategy based on an analysis and understanding of tomorrow's world, have paid off. We were very quick to understand the increasing desire to strike a balance between financial performance and positive social impact. In the space of ten years, our conviction-driven investment house has developed positions in several major themes that are now central to our clients' concerns, including energy transition, soil remediation, infrastructure and human capital.

In 2021, taking into account the profound and irreversible impact that the pandemic has had on our lives, we once again enhanced the products and services we offer to our clients by anticipating the major growth trends of tomorrow. These trends include the use of technology to improve people's health, cybersecurity, digital lifestyles and responsible corporate governance. We also started investing in technology for the agriculture and food production sector, in order to take advantage of the fourth technological revolution that is currently underway.

In addition, our convictions led us to form a strategic private equity partnership through which we are investing in innovative food production solutions, technologies related to alternative proteins, new agricultural systems and digital nutrition solutions.

In the responsible investment field, more than 80% of our liquid assets under management are now in product categories that meet the highest European sustainability standards. Our real-estate team has also firmly embedded ESG criteria within its investment decision-making process, reducing the carbon footprint and energy consumption of the properties in which it invests.

Our good results in 2021 are also down to efforts made in recent years to attract talent, capitalise on the qualities of our teams and invest heavily in our IT systems. Those results show our collective strength and the commitment of our staff members who, under the effective leadership of François Pauly and the Executive Committee, continued to implement our ambitious roadmap.

2022 looks set to be just as unpredictable as 2021, due to the ongoing Covid-19 crisis, the uneven rebound in growth, the surge in inflation against a background of historically low interest rates and heightened geopolitical tensions. We have begun the year with an increased sense of vigilance, but also confident in the knowledge that our growth model and organisation have enabled us to overcome the historic challenges of the last two years.

Against a global backdrop that remains uncertain and complex, our day-to-day focus is on providing our clients with service and advice of ever-greater quality.

A. de Rothschild

Ariane de Rothschild,
Chairwoman of the Board of Directors of
Edmond de Rothschild Group

Key figures

Key figures

Edmond de Rothschild Group at 31 December 2021

Edmond de Rothschild: unique among banks

The Edmond de Rothschild Group's position in the world of finance is unique. We are fully in tune with the new global landscape but, at the same time, we cultivate values that have fallen by the wayside at many other banks.

The family tradition gives us an acute sense of what the "long term" means, and this is reflected in the way we manage clients' assets: creativity does not preclude cautiousness; and while our business may break new ground, risk is always well managed.

Private Banking and Asset Management are the powerful engines that lie at the centre of everything we do. We are also active in Corporate Finance, Private Equity, Real Estate and Institutional & Fund Services.

The Edmond de Rothschild Group today

We provide a bespoke service for an international client base consisting of wealthy families, entrepreneurs and major institutions.

Our lines of business

Private Banking

Corporate Finance

Asset Management

Private Equity

Real Estate

Institutional & Fund Services

Our strengths

- The stability and solidity of an independent financial group
- Unsurpassed attention to individual client needs combined with global expertise
- Proactive teams that track and analyse the latest economic developments and adjust our offerings accordingly
- Access to a comprehensive range of financial products and services

The Edmond de Rothschild Group in figures

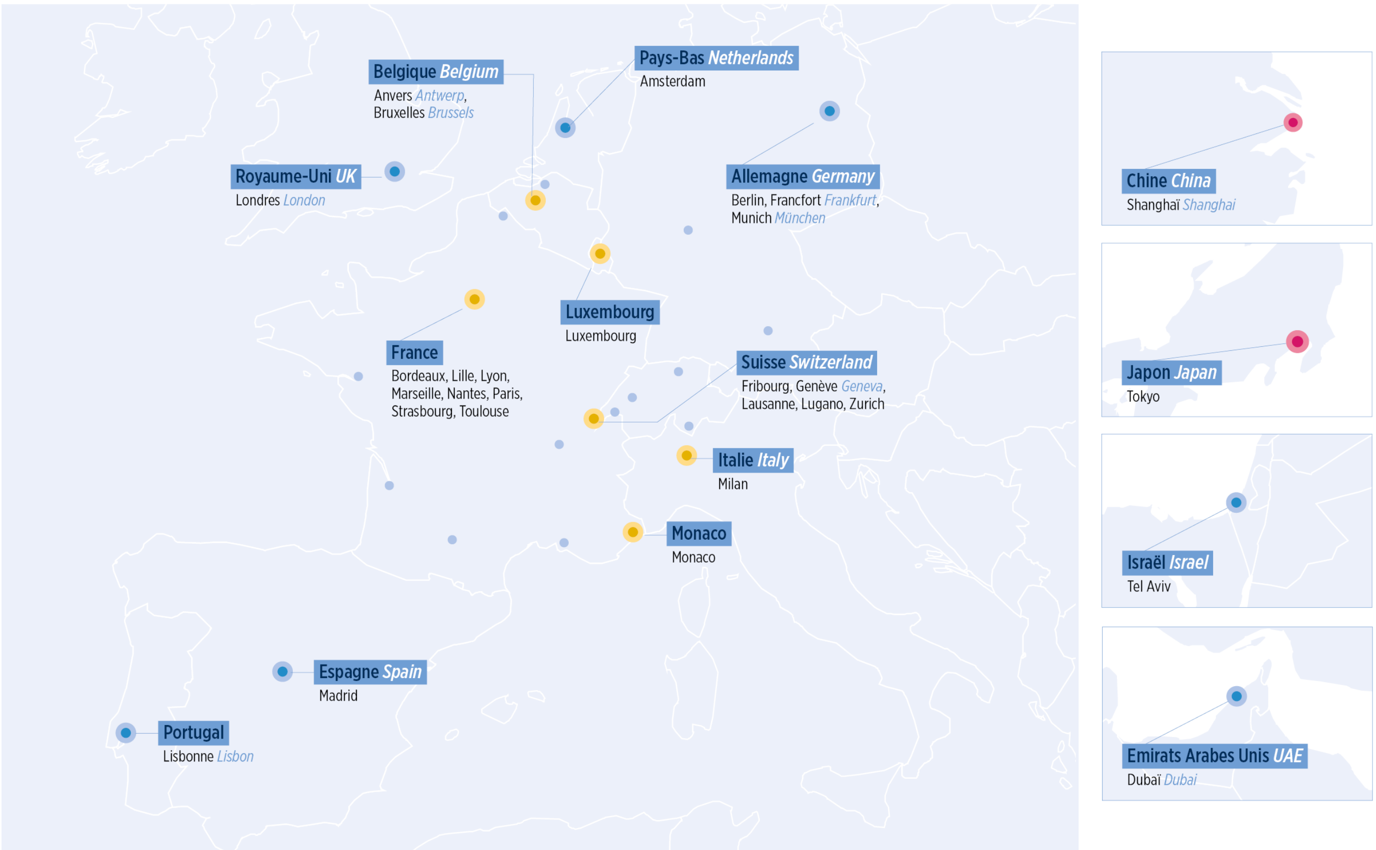
CHF178 billion in assets under management (€172 billion)

23% FINMA capital adequacy ratio

2,500 employees at 31 December 2021

GLOBALLY ACTIVE

29 offices in 14 countries



Booking centre   Joint venture

Key figures

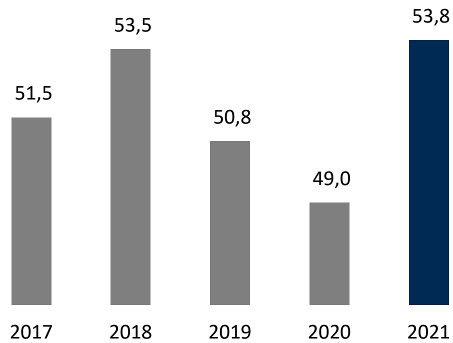
Edmond de Rothschild (France) at 31 December 2021

Shareholders at 31 December 2021

Edmond de Rothschild (France) is wholly-owned by Edmond de Rothschild (Suisse) SA.

Total assets under management

In billions of euros



Offices in France

France

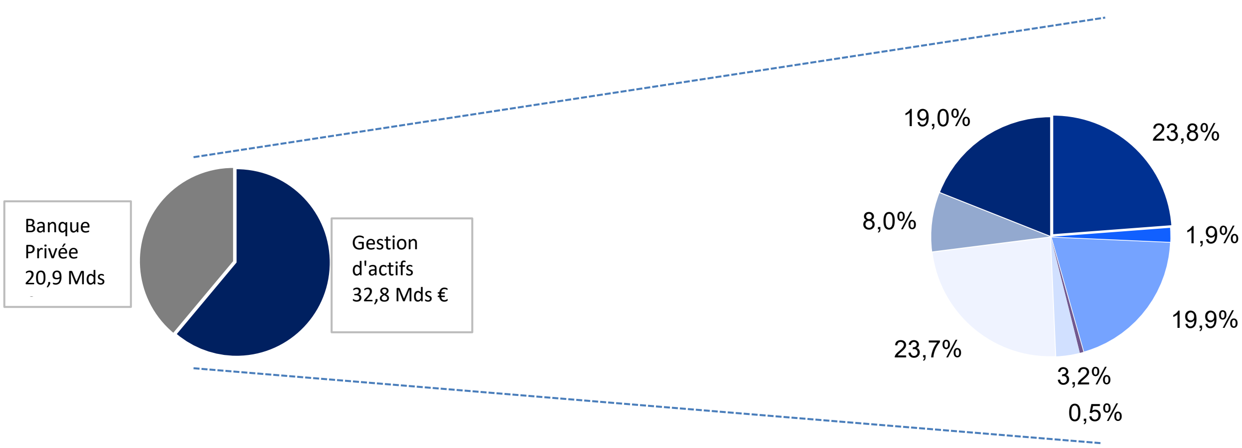
Bordeaux, Lille, Lyon, Marseille, Nantes,

Paris, Strasbourg and Toulouse

Breakdown of assets managed by division and asset class (asset management subsidiaries)

Breakdown of assets managed by division

Breakdown of assets managed by asset class (asset management subsidiaries)



- Equities
- Convertible bonds
- Balanced (including funds of funds)
- Alternative management (hedge funds and funds of hedge funds)
- Private Equity
- Fixed-income products
- Structured investment products
- Real Estate

Consolidated highlights (in millions of euros)

Balance sheet highlights	2019	2020	2021
Total assets	3,955	3,910	4,668
Equity attributable to equity holders of the parent*	381	395	397
Loans granted	877	1,160	1,422
Client deposits	1,604	1,830	2,488

The robustness of the Group's financial position is reflected in its capital ratios**. Its capital adequacy ratio stood at 18.80% with its Tier One and Core Tier One ratios at 18.66% and 18.64%, respectively, at the end of 2021. The minimum regulatory requirement is 10.73%. Under temporary arrangements to accommodate the pandemic crisis, the regulatory requirement has been cut from 10.73% to 8%.

The Liquidity Coverage Ratio (LCR), which is the EU standard, stood at 168.8%, comfortably above the minimum regulatory requirement of 100%.

Income statement highlights	2019	2020	2021
Net banking income	304	285	357
Gross operating income	39	30	67
Net income	16	27	54
of which attributable to equity holders of the parent	*14*	*24*	*57*
Average headcount (number)	**783**	**775**	**791**

* Excluding net income for the year.

** These ratios are calculated in accordance with prudential regulations on the basis of the consolidated equity of Edmond de Rothschild (France).

Management report

Report of the Executive Board

The global pandemic that struck during 2020 and continued into 2021 had an unparalleled impact on our way of life and on the financial and business worlds. Even though the pandemic caused further disruption, the markets moved higher in 2021. Against this backdrop, Edmond de Rothschild (France) again displayed tremendous resilience. Our flexible operational approach, with a large-scale switch to homeworking, and our robust business model predicated on a high level of recurring revenue streams helped overcome the headwinds. Overall, Edmond de Rothschild (France) posted net income of €56.6 million in the year ended 31 December 2021, up €32.3 million or 132.8% on the level reported for the year to 31 December 2020.

The sales and financial performance of all our divisions improved on the previous year. Private Banking maintained its first-class sales activity, generating €2.1 billion in net new money in France and €0.1 billion in Italy. Private Equity raised a total of €376 million in new money. Asset Management recorded a small net outflow. The real estate management outflow came to over €141 million, while the outflow from "liquid" asset management products was just under €28 million. Lastly, Corporate Finance successfully completed a string of impressive deals and boasts a well-stocked pipeline.

Upbeat market trends paved the way for a strong increase in assets under management relative to year-end 2020. Outstandings moved up €2.8 billion relative to year-end 2020, with Asset Management accounting for a €2.2 billion rise.

In thousands of euros	2021	2020	Change
Net banking income	**357,209**	**284,653**	**25.5%**
Operating expenses	−290,426	−254,829	14.0%
- Personnel expenses	*−178,372*	*−145,723*	
- Other operating expenses	*−85,408*	*−82,681*	
- Depreciation and amortisation	*−26,646*	*−26,425*	
Gross operating income	**66,783**	**29,824**	**123.9%**
Cost of risk	−237	−59	
Operating income	**66,546**	**29,765**	**123.6%**
Share in net income/(loss) of associates	11,116	8,202	
Net gains or losses on other assets	−119	−60	
Changes in the value of goodwill	−388	-	
Income (loss) before tax	**77,155**	**37,907**	**x0.2**
Income tax	−22,880	−10,496	
Net income/(loss)	**54,275**	**27,411**	**x0.2**
Non-controlling interest	2,287	−3,113	
Net income attributable to equity holders of the parent	**56,562**	**24,298**	**132.8%**
Non-recurring transactions	-	-	
Reported net income attributable to equity holders of the parent	**56,562**	**24,298**	**132.8%**
Cost/income ratio*	76.4%	83.5%	

*Personnel expenses and other operating expenses (excluding depreciation and amortisation restated for IFRS 16) as a percentage of net banking income (NBI).

Net banking income

Net banking income rose 25.5% compared with 2020 to reach €357.2 million in 2021. This overall trend reflects:

- an 8.8% increase in management and advisory fees as assets under management moved higher with the factors outlined above and a richer product mix

- a very high level of performance-related fees of more than €46 million, up from €28 million in 2020

- a 4.4% reduction in fees on transactions (transfers and front-end charges) as a result of the market movements in 2020, whereas market trends were not as pronounced in 2021

- a €23 million rise in income from on-balance sheet business, with the portfolio boosted by significant dividend payouts in 2021. The lending activities again performed well, with outstanding loans moving higher

- a strong rise in Corporate Advisory Services income, with fees rising from €16.5 million in 2020 to almost €47 million in 2021.

Gross margin came to 70 basis points, up 11 basis points compared with 2020.

Operating expenses

Operating expenses totalled €290.4 million in 2021, up 14% on their 2020 level.

Personnel expenses came to €178.4 million, up 22% relative to 2020 as variable remuneration was adjusted to reflect performance.

Other operating expenses rose to €112.1 million, up 2.7% from the 2020 level, chiefly as a result of the improving pandemic situation and its impact on sales activity.

Operating income

With these trends in net banking income and operating expenses, gross operating income rose to €66.8 million from €29.8 million in 2020. As a result, the cost/income ratio improved by seven points relative to 2020, reaching 76% in 2021.

Consolidated operating income totalled €66.5 million versus €29.8 million in 2020, with a low net cost of risk (€0.2 million in 2021).

Net income attributable to equity holders of the parent

The share in the net income of associates came to €11.1 million (versus income of €8.2 million in 2020), thanks to strong performance by Edmond de Rothschild (Monaco).
Net gains and losses on assets were almost zero in 2021 (net loss of €0.1 million), just as in 2020.

A goodwill impairment charge of €0.4 million was recognised in 2021 (none in 2020).

Non-controlling interest was €2.3 million in 2021, up from negative €3.1 million in 2020.

Given the impact of these more supportive factors than in 2020, net income attributable to equity holders of the parent rose 133% on the previous year to €56.7 million.

Business trends and income by division

Private Banking made further headway in 2021. Its results advanced sharply in advisory and discretionary management and in lending, with another very strong sales performance during the year.

Amid highly favourable market conditions, management and advisory fees rose significantly in Asset Management (other than in real estate management). The strong results delivered by managers sparked an increase in performance-related fees and, with it, a leap in net banking income.
Real estate management again posted growth in margins and recurring revenue, but trading revenue was lower than in 2020.

Private Equity launched a series of new ERES funds in 2021, with its first-class momentum topped up by several additional closings of existing funds.

Corporate Advisory Services also performed very well in 2021 amid an economic rebound. The team has firmly established itself as a respected player in its market segment.

The Bank has the following divisions:

- ✓ Private Banking
- ✓ Asset Management
- ✓ Private Equity
- ✓ Advisory Services for corporates, entrepreneurs and funds
- ✓ Proprietary Trading

Overview of income and profitability by division

	Private Banking		Asset Management		Private Equity		Other Activities and Proprietary Trading		Group	
In thousands of euros	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net banking income	**109,609**	**97,189**	**170,751**	**145,735**	**5,378**	**5,475**	**71,471**	**36,254**	**357,209**	**284,653**
Operating expenses	−90,373	−82,332	−133,362	−125,007	−5,995	−6,681	−60,696	−40,809	−290,426	−254,829
- Personnel expenses	*−57,248*	*−50,611*	*−78,318*	*−68,814*	*−3,498*	*−4,442*	*−39,307*	*−21,856*	*−178,372*	*−145,723*
. direct	*−42,106*	*−36,909*	*−60,610*	*−50,680*	*−2,830*	*−3,871*	*−33,003*	*−15,333*	*−138,549*	*−106,793*
. indirect	*−15,142*	*−13,702*	*−17,709*	*−18,134*	*−668*	*−571*	*−6,304*	*−6,523*	*−39,822*	*−38,930*
- Other operating expenses	*−25,816*	*−24,738*	*−47,234*	*−47,827*	*−2,280*	*−2,058*	*−10,077*	*−8,058*	*−85,408*	*−82,681*
- Depreciation and amortisation	*−7,309*	*−6,983*	*−7,809*	*−8,366*	*−217*	*−181*	*−11,312*	*−10,895*	*−26,646*	*−26,425*
Gross operating income	**19,236**	**14,857**	**37,389**	**20,728**	**−616**	**−1,206**	**10,774**	**−4,555**	**66,783**	**29,824**
Cost of risk	-	-	-	-	-	-	−237	−59	−237	−59
Operating income	**19,236**	**14,857**	**37,389**	**20,728**	**−616**	**−1,206**	**10,537**	**−4,614**	**66,546**	**29,765**
Share in net income/(loss) of associates	10,377	9,718	-	−1,516	739	-	-	-	11,116	8,202
Net gains or losses on other assets	-	-	-	-	−93	-	−26	−60	−119	−60
Changes in the value of goodwill	-	-	-	-	-	-	−388	-	−388	-
Income (loss) before tax	**29,613**	**24,575**	**37,389**	**19,212**	**30**	**−1,206**	**10,123**	**−4,674**	**77,155**	**37,907**
Cost/income ratio*	75.8%	77.5%	73.9%	80.6%	107.4%	118.7%	80.9%	105.8%	76.4%	83.5%

*Personnel expenses and other operating expenses (excluding depreciation and amortisation restated for IFRS 16) as a percentage of net banking income (NBI).

Private Banking

Highlights of 2021

- Net inflows of €2.3 billion in 2021 (France + Italy)
- €21 billion in assets under management (France + Italy)
- Range of physical assets for private clients expanded
- Responsible investment funds ramped up

Private Banking is the Group's original business. For over 250 years, Edmond de Rothschild has been on hand to support its private clients with looking after, growing and passing on their assets. We offer a range of solutions combining long-term performance with an effective impact. Our task in today's fast-moving world is to deliver bespoke solutions to our clients' current and future needs that accommodate the changes shaping the future.

Our range of products and services embodies this commitment. They are always firmly rooted in the real economy and geared to the challenges that lie ahead.

Private bankers form the cornerstone of relationships with our clients. They build an overview of clients' portfolios and marshal our various areas of expertise and business lines to make sure all their personal and business assets are managed in a completely seamless manner. Our private clients have access to the full range of the Edmond de Rothschild Group's investment, wealth management, corporate finance, private equity, real estate and philanthropic solutions.

Drawing on its wide-ranging skills and expertise, Edmond de Rothschild's private banking division in France devises a highly personalised approach. Our solutions fit the needs of our clients like a glove, addressing all the challenges they face at every stage in the wealth management process.

Strong sales momentum

Private Banking posted very healthy revenues in 2021, with our development powered by three key factors.

Firstly, our excellent sales performance drove a strong increase in assets under management, with record inflows of €2.2 billion nationwide. Supported by upbeat markets, Private Banking's assets under management totalled €18.3 billion at 31 December 2021.

Secondly, the development of lending solutions helped cater more effectively for the financing needs of clients, especially entrepreneurs. Expanding our range helped retain these clients.

Lastly, the synergies we harnessed with the corporate finance team, as well as record amounts raised by the in-house private equity funds from private clients in France, demonstrated our strong links with entrepreneurs and our ability to offer an ideally suited range of real assets.

Conviction-driven advisory services and investment solutions

Edmond de Rothschild is a conviction-driven investment house, and we are constantly refining the range of products and services we offer. These developments and innovations flow from the strong positions we have established in specific areas of expertise and themes in which we have identified growth opportunities over the long term.

In 2021, we made further additions to our offering of liquid products with new managed accounts. The momentum gained by our SRI managed account demonstrates our clients' growing desire to embed sustainability in management of their portfolio.

The Active Advisory offering continued to grow and attracted new inflows, reflecting our private clients' keen interest in the advisory services and support from the investment experts we can provide.

Our range of physical assets also proved a real draw.

The strategy of building our in-house private equity platform gained real traction thanks to the themes it focused on and the quality of our teams. This demonstrated clients' interest in Edmond de Rothschild Private Equity's core value proposition of helping to build the world of the future through investment. This type of investment also provides our private clients with a route to portfolio diversification and the prospect of attractive yields in a low-interest environment.

In 2021, the Eres IV, Privilèges II and Quadrant III funds proved extremely popular with our private banking clients.

The third generation of the Quadrant fund of private equity funds, intended solely for private clients, was launched with subscription commitments topping €28 million. Quadrant III, which was developed in close cooperation with the private equity teams, gives private banking clients access to strategies firmly anchored in the real economy.

In October, private banking also inaugurated a delegated private equity managed account, the first on the market providing access to in-house funds. With this managed account, private banking clients are able to invest in our whole range of private equity funds and also in a handpicked selection of external funds. The new managed account encompassing private equity, real estate and infrastructure debt brings within the reach of private clients a number of physical asset classes that have traditionally been reserved for institutional investors.

Bespoke offering for entrepreneurs

Entrepreneurs are one of Private Banking's leading areas of growth in France. We are more committed than ever to our distinctive, longstanding approach of "A bank of entrepreneurs working for entrepreneurs". This year we again stepped up our presence in the tech sector via a number of partnerships in Paris and the region, such as with The Galion Project, Numeum (an organisation representing digital ecosystem businesses in France) and French Tech in Lille and Marseille.

Our offering has been designed to meet the needs of SMEs and their managers. It features services and solutions catering for all the personal and business challenges they face and provides a joined-up approach to managing their portfolio over the long term.

The private banking teams work hand in hand with our wealth engineering teams to advise their clients on buyouts, capital-raising and acquisitions, harnessing major synergies with the corporate finance team.

This close teamwork provides clients with integrated advisory services, from portfolio management to wealth planning, and from business acquisitions and sales to support for capital transactions for industrial, commercial and real estate assets.

To stay in touch with entrepreneurs' day-to-day concerns and future expectations, we completed in 2021 the digitalisation process we commenced in 2020. Our digital platform can now handle opening new accounts, online banking and subscriptions to life insurance policies and private equity funds. With these developments, Edmond de Rothschild (France) now ranks as France's first fully digitalised private bank.

Breakdown of Private Banking results

In thousands of euros	2021	2020	Change
Net banking income	**109,609**	**97,189**	**12.8%**
Operating expenses	−90,373	−82,332	9.8%
- Personnel expenses	*−57,248*	*−50,611*	
. direct	*−42,106*	*−36,909*	
. indirect	*−15,142*	*−13,702*	
- Other operating expenses	*−25,816*	*−24,738*	
- Depreciation and amortisation	*−7,309*	*−6,983*	
Gross operating income	**19,236**	**14,857**	**29.5%**
Cost of risk	-	-	
Operating income	**19,236**	**14,857**	**29.5%**
Share in net income/(loss) of associates	10,377	9,718	
Net gains or losses on other assets	-	-	
Changes in the value of goodwill	-	-	
Income (loss) before tax	**29,613**	**24,575**	**20.5%**
Cost/income ratio*	75.8%	77.5%	

*Personnel expenses and other operating expenses (excluding depreciation and amortisation restated for IFRS 16) as a percentage of net banking income (NBI).

Net banking income

Private Banking's sales performance powered ahead in France, with growth in Italy revitalised by the recruitment of new bankers in 2020. As a result, Private Banking net banking income came to €109.6 million in 2021, up 12.8% compared with 2020.

The key factors were as follows:

In France:

- management and advisory fees rose 14.9% compared with 2020, reflecting robust sales performance that drove up assets under management, and a realignment of the product range, plus the positive market effects, which automatically lifted assets under management,
- after a very high level of activity in 2020, trading revenue declined 9.8% in 2021, but that remained at a very healthy level,
- on-balance sheet revenue raced ahead in 2021 as a result of healthy lending activity, rising 38% from its 2020 level, while structured product revenue moved up 29%.

In Italy, the investments made in late 2019 continued to pay off, with revenue moving up 18.1% in 2021, including a 16.1% rise in management and advisory fees and a 14.5% increase in trading revenue.

Overall, Private Banking net banking income accounted for 31% of consolidated net banking income in 2021, just below the 34% recorded in 2020.

Operating expenses

Private Banking operating expenses totalled €90.4 million in 2021, 9.8% above their 2020 level.

Personnel expenses came to €57.2 million in Private Banking, up 13.1% relative to 2020, chiefly reflecting the impact of performance-related bonuses.

Other expenses rose 4.4%, largely as a result of the improvement in the pandemic situation.

Operating income

Private Banking recorded €19.2 million in gross operating income, a very significant rise (€14.9 million) on the 2020 level flowing from revenue growth and a controlled increase in costs.

Accordingly, the cost/income ratio stood at 76%, which was an improvement on the 78% recorded in 2020.

As in previous years, the cost of risk was very low indeed, reflecting the high quality of the division's loan commitments and its effective risk management.

Income (loss) before tax

Including the contribution from Edmond de Rothschild (Monaco), which was 6.8% higher than in 2020, Private Banking's income before tax totalled €29.6 million in 2021, up 20.5% relative to 2020.

Asset Management

Highlights of 2021

- €32.8 billion under management
- An ambitious responsible investment roadmap
- A year of rapid development
- Strong inflows
- Physical asset platform expanded

The whole philosophy behind Edmond de Rothschild's Asset Management range is to offer its clients active, conviction-driven management. Edmond de Rothschild Asset Management aims to outperform index-tracking products by focusing on value creation over the long term.

The range of investment solutions available from Edmond de Rothschild Asset Management comprises funds and managed accounts for institutional investors, together with open-ended UCITS marketed to private clients by multiple partner financial institutions (private banks, asset managers, insurers) and independent financial advisors. It consists of an innovative physical assets platform, with strategies focused on responsible investment and impact investing.

An ambitious responsible investment roadmap

Close to 15 years after launching a renewable energies strategy (2007), Edmond de Rothschild Asset Management is still powering up in responsible investment.

In 2021, we switched over 80% of outstandings into open-ended Article 8 and 9 of the SFDR funds, reflecting the high quality of our commitment.

The size of our SRI fund range quadrupled between 2019 and 2021. It encompasses European equities and bonds, hybrid assets and theme-based funds, such as healthcare, human capital and global warming.

Lastly, Edmond de Rothschild Asset Management maintained its Avant-Gardist status, the most advanced category, in the fourth edition of the Responsible Investment Brand Index (RIBI). Only 16% of asset managers are rated in this category reserved for those scoring above-average marks for both the Engagement dimension and the Brand dimension.

Edmond de Rothschild Asset Management pushed ahead with the third four-year programme in our Responsible Investment strategy (2021–2024), and we took steps to embed ESG (environmental, social and governance) considerations in all our investment decisions (liquid and physical assets).

Edmond de Rothschild Asset Management updated its 2°C roadmap in 2020 to factor in the climate emergency and the solutions put forward by various business organisations and regulators, such as the European Union's green taxonomy.

In liquid assets, we signed up to the United Nations Principles for Responsible Investment (UN PRI) back in 2010, committing Edmond de Rothschild Asset Management to a continuous improvement process. In addition, we have applied the Best-in-Universe approach, long considered an outlier, from the very outset. And in 2011, we developed EdR Build, a proprietary ESG analysis and rating tool. As a result, our Responsible Investment team is able to present non-financial convictions underpinned by its own analysis.

In physical assets, we were quick to implement a number of initiatives. For example, our private equity activities now contribute to 13 of the United Nations Sustainable Development Goals. Our infrastructure debt strategy was the first, four years ago, to incorporate ESG criteria in its investment process. In real estate, the teams are taking a sustainable approach to building – in the literal sense of the term – the world of the present and the future.

A year of rapid development

We made several strategic hires in 2021.

The position of Global Head of Marketing & Products was created in Paris to oversee the marketing, tenders, product management and product specialist teams and to implement an integrated strategy to raise the profile of our expertise and forge closer relationships with customers and boost the growth of our activities.

In addition, we expanded the Paris-based management teams in 2021 to help make the investment process even more robust and increase our management capabilities. A new joint head of equities joined us, and we recruited new managers to the multi-asset & overlay, equities and bonds teams.

In addition, the sales team led by Marie Jacot-Cardoen, Global Head of Distribution, was expanded outside France to provide even better service to our customers and broaden our coverage to new markets.

In Switzerland, one of our core markets, we hired a new Head of Distribution to run the asset management sales teams locally and scale up our business in the institutionals segment, distribution and multi-family offices.

We also appointed a Co-Head of Distribution for Germany and Austria. She is responsible for developing the wholesale market.

A Global Head of Consultant Relations position was also created in London to deepen existing and forge new relationships with institutional investment consultants and to raise the profile and enhance the availability of our core conviction areas of expertise for both liquid and illiquid assets.

Strong inflows

Edmond de Rothschild (France) was successful in various areas of asset management during 2021

The Edmond de Rothschild Fund - Big Data broke through the €1 billion under management mark as a result of inflows approaching €370 million in 2021. This tremendous success reflects investors' strong interest in the theme, as well as the fund's performance to date. Since its launch in August 2015, the Edmond de Rothschild Fund - Big Data has posted an annualised return of 15.3%, ahead of the 13% achieved by its benchmark index.

In fixed income, our EdR Fund Bond Allocation strategy generated very strong inflows in excess of €200 million.

Several equity strategies garnered very high levels of inflows:

- The EdR Fund Human Capital fund launched in late 2020 has now reached close to €140 million. We are particularly attached to this SRI strategy, which has a special focus on the social pillar,

- The EdR SICAV Euro Sustainable Equity fund (€82 million in inflows) topped €600 million in assets under management in 2021.

Physical asset platform expanded

Our physical asset platform pressed ahead with its rapid development, producing high inflows across real estate, private equity and infrastructure debt, its three core areas.

Edmond de Rothschild Private Equity (France) delivered further growth, with net inflows reaching €380 million in 2021.

2021 was year of innovation in physical assets. Edmond de Rothschild Asset Management introduced a digital subscription tool for its distribution partners, including investment advisors, private bankers and family officers. To begin with, this tool can be used only for private equity strategies, with real estate and infrastructure debt strategies to be added at a later date. Its introduction is bound to broaden access to these strategies.

There was again strong demand for real estate among all investors, both institutional and private clients. Following through on our commitment to a more sustainable economy, Edmond de Rothschild REIM achieved SRI accreditation for the Edmond de Rothschild Immo Premium OPCI (collective undertaking for property investments) fund.

To support the development of the Real Estate segment, the position of Managing Director responsible for Edmond de Rothschild Group's real estate activities in German-speaking Switzerland was created. This appointment represents a new milestone in Edmond de Rothschild REIM's strategy of expansion in the Swiss market.

Our achievements in 2021 included completion of a major project in Zurich, with the acquisition of two plots of land representing an investment of over CHF200 million. The project aims to convert the existing commercial properties into rental housing.

In France, Edmond de Rothschild REIM broadened its offering for private clients and met demand for alternative investment funds, which led to an active investment policy and greater interaction between hubs. 2021 was the first year in which we managed the Red Cross' portfolio. Work plans were improved, and a plot of land at the Lyon hospital was sold, which helped to build trust with the six facilities in the portfolio.

In addition, Edmond de Rothschild REIM strengthened its Paris office with the appointment of a real estate managing director.

Lastly, BRIDGE (Benjamin de Rothschild Infrastructure Debt Generation), our London-based infrastructure debt platform, has already achieved its target of matching its previous fundraising round. The BRIDGE V fundraising, which is still continuing, has already exceeded the total raised by BRIDGE IV, which closed in February 2020 at €1.25 billion. Launched in 2014 with €400 million, BRIDGE is now closing in on €4 billion in capital raised. Since geographical expansion is critical to the platform's growth over the coming years, we are currently looking at US and more global strategies.

Breakdown of Asset Management results

In thousands of euros	2021	2020	Change
Net banking income	**170,751**	**145,735**	**17.2%**
Operating expenses	−133,362	−125,007	6.7%
- Personnel expenses	*−78,318*	*−68,814*	
. direct	*−60,610*	*−50,680*	
. indirect	*−17,709*	*−18,134*	
- Other operating expenses	*−47,234*	*−47,827*	
- Depreciation and amortisation	*−7,809*	*−8,366*	
Gross operating income	**37,389**	**20,728**	**80.4%**
Cost of risk	-	-	
Recurring operating income	**37,389**	**20,728**	**80.4%**
Share in net income/(loss) of associates	-	−1,516	
Net gains or losses on other assets	-	-	
Changes in the value of goodwill	-	-	
Income (loss) before tax	**37,389**	**19,212**	**94.6%**
Cost/income ratio*	73.9%	80.6%	

*Personnel expenses and other operating expenses (excluding depreciation and amortisation restated for IFRS 16) as a percentage of net banking income (NBI).

Net banking income

Assets under collective management totalled €35.7 billion at year-end, 6.7% higher than at end-2020 as a result of the highly favourable market effects during the year.

Assets under management rose 2.5%.

Net banking income trends varied from one business to another:

- in liquid asset management (i.e., excluding real estate), revenue raced higher, with a 9.3% increase driven by higher average assets under management offsetting a small decline of 3.3% in trading revenue. Income from performance-related fees also recorded a very strong increase of 67% to €45.7 million (up €18.3 million versus 2020) reflecting a healthy asset management performance,
- in real estate management, average assets under management fell 5.6%, but income from outstandings moved up 3.5% as margins widened. Trading revenue fell 47.6%,
- revenue from the distribution of asset management funds in Italy rose 8.6% versus 2020.

Overall, Asset Management's net banking income grew 17.2%.

Operating expenses

Operating expenses increased 6.7% to €133.4 million, versus €125.0 million in 2020.

Personnel expenses came to €78.3 million, up 13.8% relative to 2020, partly reflecting the impact of higher performance-related bonuses.

Other operating expenses in Asset Management came to €55.0 million, down 2% between 2020 and 2021.

Operating income

Gross operating income rose €16.7 million to €37.4 million.

The division's cost/income ratio improved to 74% from 81% in 2020.

Income (loss) before tax

The Asset Management division's income before tax grew to €37.4 million from €19.2 million in 2020.

Calculated on the basis of management fees (excluding performance-related fees), the margin was 36 basis points, up 1 basis point from its 2020 level.

Private Equity

Highlights of 2021

- Highly satisfactory closings for Transmission & Croissance I, ERES IV and Quadrant 3
- Creation of Elyan Partners
- Several significant sales from the portfolio
- Rapid pace of deployment maintained

The highly impressive closings by the T&C I FPCI and ERES IV funds demonstrate the strength of our business performance in 2021. At the same time, our portfolio management teams were very active across all the franchises, with major exits completed from the most mature funds and a rapid deployment of funds at the investment stage.

Our teams worked tirelessly, maintaining an unwavering focus on their portfolios and providing steadfast support to business managers. Amid persistently complex conditions created by the pandemic, they adopted a flexible and agile approach. We made further progress with our plans to accelerate digitalisation and to embed ESG in decision-making right across the investment value chain. Our successful fundraising transactions are a testament to clients' growing confidence in our strategies. New opportunities also arose for us during the year, with the extension of our private equity offering to our external distribution partners.

In keeping with the approach we have taken in previous years, we leaned even more heavily on our conviction-driven investment strategies and devised private equity strategies combining innovation with a positive impact over the long term to deliver lasting solutions to the challenges facing society.

Continuing deployment of the Privilège 2018 fund of funds

Privilege Access, our fund of funds strategy, pressed ahead with the deployment of both its vehicles in 2021, completing two direct co-investments in Europe (Evidence and Sofatutor).

By 31 December 2021, Privilege Access had completed all of the 14 primary commitments and seven co-investments planned, committing a total of €90.6 million. The funds now possess a diversified portfolio reflecting strong convictions about certain sectors, with investment themes such as technology, healthcare and financial services.

In parallel, the funds received in late 2021 the initial sale proceeds via four payouts from portfolio assets. An initial payout to investors was completed in early 2022.

In addition, our team prepared for the launch of Privilège 2021, the next generation of the franchise, scheduled for early 2022.

Mid-cap buyout investment fund: substantial investment activity and launch of a new generation

The ERES II fund made a major step forward towards liquidating its final portfolio assets, with the effective completion of the sale of its holding in Fidelity Bank in December 2020 and the IPO of IHS in October 2021. The flotation went ahead in a small window on the New York Stock Exchange (NYSE) on 14 October 2021. Although the free float is limited, a gradual exit over three or four years appears possible. At 31 December 2021, the valuation of portfolio shares was pulled down by a steep decline in the company's share price.

The ERES III fund, which was also involved in the IHS IPO, went ahead with three other full or partial exits in large-scale transactions during the year:

- sale of PIB to Apax Partners (UK),
- partial sale of Allegro,
- partial sale of McLarens,

In parallel, the funds also made their two final investments in Sofatutor and Tikkamoon. The fund investment period closed on 30 July 2021, coinciding with the launch of ERES IV.

Overall, the ERES III fund's firm performance over the year reflected the healthy development of the other portfolio companies and the higher multiples commanded by comparable companies.

Kennet V: Accelerated deployment and steep increase in valuations

Kennet, a strategy focused on achieving capital growth in the tech sector, made further headway with the deployment of the Kennet V funds. Seven new transactions took place during the year, increasing the number of companies funded to 13. At the same time, the valuation of its portfolio lines rose sharply during the year as the investee companies gained commercial traction and as the multiples of listed tech companies rose sharply from the levels at the beginning of the pandemic. To recap, Kennet Partners, a UK-based company, manages the investments.

Transmission & Croissance: a private equity fund specialised in buyouts of French SMEs

Transmission & Croissance, the strategy launched in late 2020 with Trajan Capital's team of supporting SMEs through a management buyout, completed a final closing in June 2021 at €109.9 million through the Transmission & Croissance I FPCI.

Akin to the model successfully adopted by search funds in North America, the fund aims to secure the independence of French SMEs by supporting a fresh generation of entrepreneurs as they take on leadership roles and gradually raise their holdings in these companies' capital.

Transmission & Croissance I made two new investments in 2021: Coque de Nacre, a company specialised in the B2B creation and distribution of jewellery in the affordable luxury segment, and 123Roulements, France's number one online bearings distributor.

The strategy was awarded the Relance quality label by France's Ministry for the Economy, Finance and the Recovery.

Quadrant: third generation of the fund of funds range tailored to private clients' needs launched

Quadrant III FPCI was launched in May 2021, and three intermediate closings took place during the year, lifting total subscriptions received to €27.1 million.

This in-house fund of funds built in close collaboration with private bankers to meet specific portfolio diversification needs invested a total of €25 million in six specialised areas of private equity: mid-cap buyout capital (ERES IV), SME buyout capital (Transmission & Croissance I), growth capital in North Africa (Amethis Mena II), land pollution abatement and sustainable urban development (Ginkgo III), upscale hospitality (Boscalt Hospitality Fund) and value-added real estate (Smart Estate Fund I).

Quadrant's core allocation is balanced with strategies grounded in real economy productivity solutions and investment themes aligned with the long-term challenges facing society.

Breakdown of Private Equity results

In thousands of euros	2021	2020	Change
Net banking income	**5,378**	**5,475**	**−1.8%**
Operating expenses	−5,995	−6,681	−10.3%
- Personnel expenses	*−3,498*	*−4,442*	
. direct	*−2,830*	*−3,871*	
. indirect	*−668*	*−571*	
- Other operating expenses	*−2,280*	*−2,058*	
- Depreciation and amortisation	*−217*	*−181*	
Gross operating income	**−616**	**−1,206**	**−48.9%**
Cost of risk	-	-	
Recurring operating income	**−616**	**−1,206**	**−48.9%**
Share in net income/(loss) of associates	739	-	
Net gains or losses on other assets	−93	-	
Changes in the value of goodwill	-	-	
Income (loss) before tax	**30**	**−1,206**	**ns**
Cost/income ratio*	107.4%	118.7%	

* Personnel expenses and other operating expenses as a percentage of net banking income (NBI).

Net banking income

Private Equity's net banking income received a boost during the year from the continuing development of the funds of funds. Nonetheless, it slipped slightly lower as a result of the creation of Elyan Partners, which led to the transfer of a portion of its income and also of its costs to the new entity. Some of the new unit's net income shows up in the financial statements of Edmond de Rothschild (France) under income from associates.

Operating expenses

Personnel expenses dropped 10.3% from their 2020 level. To some extent, this reduction reflected exceptional personnel expenses in 2020, as well as the establishment of Elyan Partners.

Operating income (loss)

Accordingly, the operating loss was smaller than in 2020, dropping 48.9% versus its 2020 level to €0.6 million.

Income (loss) before tax

Private Equity broke even before tax (income of €0.03 million), an improvement on the €1.2 million loss in 2020, after the equity-accounted contribution from Elyan Partners.

Advisory Services for corporates, entrepreneurs and funds

Highlights of 2021

- Excellent momentum with 60 transactions advised on in 2021
- Team boosted by the arrival of two new partners and a total of 44 bankers in late 2021
- Strong activity levels in the healthcare, tech & digital, and real estate sectors, with a foothold established in hotels, education and shipping & logistics
- Launch of a team dedicated to small-cap businesses (EdRCF Croissance)

Advising owner-managers, family-controlled companies and financial investors, is a core pillar of the Group's business. This distinctive feature of its business model in France helps it stand out from its direct banking rivals thanks to its ability to offer its entrepreneurial clients and family businesses a one-stop shop for wealth engineering, acquisition & sale, and private banking solutions. Edmond de Rothschild advises its clients on capital transactions related to the industrial, commercial and real estate assets they hold. The business also enables the Group to devise asset diversification solutions for family-office investors.

The team focuses on the small- and mid-cap market segment (i.e. deal sizes ranging from €10 million to over €2 billion). Independent, conflict of interest-free and unique deal-making experience with privately-held firms and financial investors to support clients in France and abroad is what makes all the difference.

First-class 2021 performance proving the effectiveness of our business model

The team achieved excellent results in 2021, advising on close to 60 transactions, after a pandemic-affected 2020 when a new development plan was introduced. It maintained its strategy of specialisation, developing major sector-specific industry expertise in areas that were given a boost by the pandemic – healthcare, real estate, education and tech & digital chief among them.

The 60 deals handled by the team, up from 30 in 2020, are a testament to its outstanding pandemic response and strong performance, as well as the improvements made to the internal organisation structure in recent years.

The progress made on sales and marketing initiatives with private banking to harness synergies was another highlight of the year. Transactions with investment funds built up a head of steam, as we established strong, lasting relationships across our corporate transaction activities, as well as in the lending business.

The healthcare sector made a very strong contribution to the corporate transaction sector's revenues, with 16 transactions advised on across all the sub-segments (medical, surgical and obstetrics facilities/nursing homes, analytical and pharmaceutical labs, healthcare platforms, medtech). Four of them left a clear imprint on the year in terms of their size and profile. These were the acquisition by Merieux Capital Partners and Partners Group of a stake in Laboratoires SERB, for the purpose of buying BTG Specialty Pharmaceuticals, Ardian's purchase of an investment in Inovie, France's leading independent medical diagnostic provider, the acquisition of Vivalto Santé by Vivalto Partners, and the purchase of a stake in DomusVi by UI Investissement.

Edmond de Rothschild Corporate Finance again demonstrated its leadership in real estate, which continued to grow at a rapid pace. It completed 11 transactions in 2021, including the sale of GreenCity Immobilier to Lone Star Real Estate, and five transactions in the hospitality sector, representing a major breakthrough. The tech & digital sector continued to gain momentum, completing ten transactions, including two fundraisings. The team advised two companies operating in the cybersecurity sector, namely YesWeHack as part of its Series B fundraising, and Synacktiv as part of the sale of a stake in its share capital to Andera. In another strong performance, five transactions went ahead in the education & training sector. The financing advisory business, a key source of new mandates, was involved in a number of the team's transactions, playing a crucial marketing and market intelligence role.

Aiming even higher

Two new managing directors were hired during 2021 to continue scaling up the organisation in line with its plans to grow and develop the business and establish it as one of the leaders in the small- and mid-cap sector. Their additions have helped to boost our industry expertise in the real estate and tech & digital sectors and expanded the Management Committee to seven managing directors.

To meet the needs of growth companies with a value of between €10 million and €50 million as effectively as possible, Edmond de Rothschild Corporate Finance decided to set up a dedicated team for them led by two executive managers. It completed 25 deals in 2021 in this value bracket, representing a fine start.

In 2022, Edmond de Rothschild Corporate Finance intends to continue its development by participating in a growing number of market transactions, building on its 2021 momentum. Showing the pioneering spirit we are renowned for, teams have positioned themselves and are specialising to cater to innovative sector trends with great potential over the next three years or for future market consolidation. Further verticalisation to add greater industry expertise in agrifood and financial services is planned.

Breakdown of Other Activities and Proprietary Trading results

In thousands of euros	2021	2020	Change
Net banking income	**71,471**	**36,254**	**97.1%**
Operating expenses	−60,696	−40,809	48.7%
- Personnel expenses	*−39,307*	*−21,856*	
. direct	*−33,003*	*−15,333*	
. indirect	*−6,304*	*−6,523*	
- Other operating expenses	*−10,077*	*−8,058*	
- Depreciation and amortisation	*−11,312*	*−10,895*	
Gross operating income	**10,774**	**−4,555**	**ns**
Cost of risk	−237	−59	
Operating income	**10,537**	**−4,614**	**ns**
Share in net income/(loss) of associates	-	-	
Net gains or losses on other assets	−26	−60	
Changes in the value of goodwill	−388	-	
Income (loss) before tax	**10,123**	**−4,674**	**ns**
Cost/income ratio*	80.9%	105.8%	

* Personnel expenses and other operating expenses as a percentage of net banking income (NBI).

Net banking income

Corporate Advisory Services

Corporate Advisory Services completed another string of impressive deals in 2021. The number of transactions it handled rose significantly, lifting net banking income €30.2 million relative to 2020 to a total of €46.7 million in 2021.

Proprietary Trading

Proprietary Trading's net banking income came to €24.8 million, up €5.1 million on 2021 on the back of higher portfolio income.

Operating expenses

Corporate Advisory Services

Operating expenses rose 103.8% relative to 2020, reflecting the high level of net banking income generated.

Gross operating income of €6.1 million was recorded, after a gross operating loss of €3.4 million in 2020.

Income (loss) before tax

The Other Activities and Proprietary Trading division recorded income before tax of €10.1 million, after a loss of €4.7 million in 2020.

Outlook for 2022

The prospects for 2022 look just as unpredictable as 2021 was, with the enduring pandemic, higher inflation and geopolitical tensions. We are proceeding with the utmost care, but also with the peace of mind that comes from knowing our development and organisational model has enabled us to navigate successfully the major challenges of the past two years.

Edmond de Rothschild (France) thus intends to accelerate its strategy of differentiation founded on conviction-based investments underpinned by strong research capabilities and an innovation strategy that aims to deliver long-run performance. It is firmly focused on a selection of carefully picked strategies, an ambitious responsible roadmap for our socially responsible investments over the 2021–2024 period and our theme-based ranges.

In private banking, Edmond de Rothschild (France) plans to strengthen its market-leading position by leveraging the quality of its teams to achieve further innovation (private equity managed account, acceleration in club deals, theme-based managed account) and refine the client experience by harnessing digitalisation and the power of its ecosystem.

Amid an uncertain and complex global backdrop, delivering constantly enhanced quality of service and advice to our clients remains our unwavering focus each and every day.

Movements in the portfolio of subsidiaries and associates

During 2021, Edmond de Rothschild (France) did not carry out any major acquisitions or disposals.

Consolidated balance sheet

Consolidated total assets came to €4,667.6 million at 31 December 2021, up 19.4% from €3,909.9 million at 31 December 2020.

Assets

In thousands of euros	31 December 2021	31 December 2020
Cash, due from central banks and postal accounts	2,629,937	2,053,994
Financial assets at fair value through profit and loss	153,327	157,323
Financial assets at fair value through equity	1,384	1,341
Securities at amortised cost	4,813	6,521
Loans and receivables due from credit institutions, at amortised cost	63,229	48,600
Loans and receivables due from clients, at amortised cost	1,421,591	1,160,185
Tax assets and other assets	148,399	236,234
Non-current assets other than financial assets	244,888	245,746
Total assets	**4,667,568**	**3,909,944**

Liabilities and equity

In thousands of euros	31 December 2021	31 December 2020
Financial liabilities at fair value through profit and loss	1,417,275	1,354,751
Due to credit institutions	51,278	22,143
Due to clients	2,488,188	1,830,461
Tax liabilities and other liabilities	235,830	252,107
Provisions	17,882	23,269
Subordinated debt	-	-
Equity attributable to equity holders of the parent	453,923	419,072
Non-controlling interest	3,192	8,141
Total liabilities	**4,667,568**	**3,909,944**

Main changes in consolidated assets

Cash, due from central banks and postal accounts shows the Bank's demand deposits with the ECB and the Banque de France.

Financial assets at fair value through profit and loss fell to €153.3 million at 31 December 2021 from €157.3 million at 31 December 2020. The line item chiefly consisted of the Group's private equity portfolio (€116.4 million) and trading derivatives measured at fair value (€27.6 million) at 31 December 2021.

Securities at amortised cost dropped to €4.8 million at 31 December 2021 from €6.5 million at 31 December 2020.

Loans and receivables due from credit institutions rose to €63.2 million at 31 December 2021, up 30.1% from €48.6 million at the end of the previous year. This increase was largely driven by cash transactions with the Group.

Loans and receivables due from clients (net of provisions), consisting of ordinary overdrafts and loans, advanced by 22.5% to €1,421.6 million at 31 December 2021 from €1,160.2 million at 31 December 2020. That increase was primarily the result of an increase in client overdrafts excluding UCITS funds, which rose by €115.7 million, and a €142.0 million increase in lending.

Debit positions on UCITS current accounts rose from €0.9 million at 31 December 2020 to €3.7 million at 31 December 2021.

Non-current assets other than financial assets totalled €244.9 million at 31 December 2021, down from €245.7 million at 31 December 2020.

Main changes in consolidated liabilities

Financial liabilities at fair value through profit and loss totalled €1,417.3 million at 31 December 2021, up 4.6% from €1,354.8 million at 31 December 2020.

The **Due to credit institutions** item reflects demand deposit accounts. Their balances soared to €51.3 million at 31 December 2021 from €22.1 million at 31 December 2020.

The **Due to clients** item includes ordinary accounts in credit, term deposits and savings accounts. This line item rose by 35.9% or €657.7 million overall to reach €2,488.2 million at 31 December 2021. The increase mainly resulted from a €709.0 million rise in ordinary accounts in credit, offset by a €44.5 million decrease in term deposits and a €9.1 million fall in other financial liabilities.

Provisions fell to €17.9 million at 31 December 2021, from €23.3 million at 31 December 2020.

After 2021 net income of €56.6 million, **equity attributable to equity holders of the parent** rose 8.3% to €453.9 million at 31 December 2021.

Commitments given and received by the Group

In thousands of euros	31 December 2021	31 December 2020
Commitments given		
Financing commitments	414,331	282,507
Guarantee commitments	82,089	55,472
Commitments received		
Financing commitments	-	-
Guarantee commitments	121,559	1,981

Financing commitments given to clients, which include commitments to invest in certain of the Group's private equity funds, amounted to €414.3 million compared with €282.5 million at 31 December 2020. This increase reflected a €138.2 million rise in overdraft authorisations and a €6.4 million reduction in commitments on securities receivable.

Guarantees given by the Group rose 48.0% to €82.1 million from €55.5 million at 31 December 2020. The guarantees mainly consisted of administrative and financial security provided to clients and guarantees to investors in structured, formula and cushion funds, as well as representations and warranties made to companies.

Guarantees received from credit institutions rose to €121.6 million from €2.0 million at the end of 2020.

Parent company financial statements

Parent company balance sheet

At 31 December 2021, the Bank's total assets amounted to €4,601 million. That represented an increase of 20.3% on the €3,824 million recorded at 31 December 2020.

The main balance sheet items were as follows:

In thousands of euros	31 December 2021	31 December 2020
Assets		
Cash accounts and interbank operations	2,675,051	2,081,775
Loans to clients	1,427,557	1,168,634
Other financial accounts	180,596	228,180
Securities and non-current assets	317,637	345,413
Total	**4,600,841**	**3,824,002**
Liabilities and equity		
Interbank operations	1,038,782	958,386
Client deposits	2,619,667	1,927,386
Debt securities	469,810	436,268
Other financial accounts	153,812	205,155
Subordinated debt	21,020	21,021
Equity	297,750	275,786
Total	**4,600,841**	**3,824,002**

On the asset side, **cash accounts and interbank operations** accounted for 58.1% of the Bank's total assets, or €2,675 million compared with €2,082 million at 31 December 2020, an increase of €593 million or 28.5%. Cash deposited with the ECB and the Banque de France amounted to €2,630 million at 31 December 2021, or 57.2% of the Bank's total assets (versus €2,054 million and 53.7% at 31 December 2020), reflecting the improvement in the Bank's liquidity position and a conservative cash management policy in a negative interest-rate environment.

Demand deposits with financial institutions increased from €28 million at 31 December 2020 to €25 million at 31 December 2021.

Loans to clients amounted to €1,428 million at 31 December 2021, up 22.2% from €1,169 million at 31 December 2020. That increase derived largely from overdrafts granted to individual clients and non-financial companies and a substantial increase in loans granted to customers.

Other financial accounts fell 20.9% to €181 million, down from €228 million in the previous year.

Securities and non-current assets slipped to €318 million at 31 December 2021 from €345 million at 31 December 2020. This 8% decrease was chiefly the product of redemptions of private equity UCITS funds and of the remeasurement of the portfolio of subsidiaries and affiliates.

On the liabilities side, **interbank operations** dropped to €1,039 million at 31 December 2021 from €958 million at 31 December 2020. Term loans were the main factor behind this increase.

Client deposits rose by 35.9% to €2,620 million at 31 December 2021, up from €1,927 million at 31 December 2020. This increase was chiefly the product of a rise in clients' other demand deposits.

Debt securities moved up to €470 million from €436 million one year earlier. They consisted mainly of Euro Medium Term Notes (EMTNs) issued in connection with structured products, Negotiable European Commercial Paper (NEUCP) and Negotiable European Medium Term Notes (NEU MTN).

Other financial accounts moved down €51 million to €154 million from €205 million at 31 December 2020. The decrease reflected the measurement of currency exposures.

Subordinated debt, which amounted to €21.0 million at 31 December 2021 (unchanged from at 31 December 2020), includes only the undated super-subordinated notes issued by the Bank in June 2007 to strengthen the Group's regulatory capital.

The main components of **equity** were as follows:

In thousands of euros	31 December 2021	31 December 2020
Share capital	83,076	83,076
Reserves	130,522	130,522
Retained earnings	32,171	65,319
Total	**245,769**	**278,917**

(1) Before appropriation of net income for the year.

Net income for the year came to €52.0 million after a net loss of €3.1 million in 2020.

Parent company income statement

The key line items in the Bank's condensed income statement were as follows (in thousands of euros):

	2021	2020
Net banking income	**220,366**	141,033
Personnel expenses	−84,512	−76,848
Other operating expenses	−60,785	−60,065
Depreciation and amortisation	−12,707	−12,217
Gross operating income	**62,362**	**−8,097**
Cost of risk	−103	14
Net gains or losses on other assets	−15,123	−3,329
Non-recurring items	4	75
Income tax	4,842	8,206
Net income/(loss)	**51,982**	**−3,131**

Net banking income

Net banking income rose 56.25% to €220 million in 2021, up from €141 million in 2020.

This €79.3 million increase in net banking income stemmed from the following factors:

- Revenue from the securities portfolio and capital markets transactions rose €71 million compared with 2020. The increase was mainly caused by the higher amount of dividends received in 2021 (up €69.3 million relative to 2020).
- Asset Management fee income rose by €3.9 million, from €72.4 million in 2020 to €76.2 million in 2021, driven primarily by a €6 million increase in management and advisory fee income (asset management and custody fees), offset by a €3.5 million decrease in transaction fee income.
- Profit from interest-earning operations rose by €4.2 million, from €9.2 million in 2020 to €13.4 million in 2021, mainly as a result of growth in mortgages and overdrafts.

Operating expenses, depreciation and amortisation

Operating expenses, depreciation and amortisation came to €158.0 million, up 6% from the €149.1 million recorded in 2020.

This €8.9 million decrease breaks down into:

- a 10.0% increase in **personnel expenses** to €84.5 million in 2021 from €76.8 million in 2020;
- a 1.2% increase in **other operating expenses** to €60.8 million in 2021 from €60.1 million in 2020; and
- lastly, €12.7 million in **depreciation and amortisation** in 2021, compared with €12.2 million in 2020.

After operating expenses, depreciation and amortisation, **gross operating income** totalled €62.4 million, versus a loss of €8.1 million in 2020.

Non-operating items

The **cost of risk** came to €103 thousand – a real testament to the calibre of the Bank's commitments and its risk management policy.

Net gains or losses on other assets showed a net loss of €15.1 million versus a net loss of €3.3 million in 2020.

Non-recurring items produced a gain of €4 thousand.

Income tax: Edmond de Rothschild (France) adopted together with some of its subsidiaries the Group tax consolidation regime with effect from 1 January 2020. The parent company and those subsidiaries have agreed that the advantage or disadvantage arising from the tax consolidation (difference between the consolidated tax charge and the total of the tax charges of the companies calculated independently) is to be recognised immediately in the parent company's income statement.

The Bank recorded a net income tax benefit of €4.8 million compared with €8.2 million in 2020.

Net income for the year came to €52.0 million compared with a net loss of €3.1 million in 2020, representing a €55.1 million improvement.

Share capital

Ownership of the share capital, which amounted to €83,075,820 at 31 December 2021, was as follows:

EDMOND DE ROTHSCHILD (SUISSE) SA	5,538,329	shares, i.e.	100.00%
Other individuals	59	shares, i.e.	ns
Total	**5,538,388**	**shares, i.e.**	**100.00%**

At 31 December 2021, there were no employee shareholders as the term is defined in Article L. 225-102 of the French Commercial Code.

Disclosures pursuant to Articles 39-04 and 223d and 39-05 and 223e of the French General Tax Code

Edmond de Rothschild (France) recorded a total amount of €294,618 in expenditure covered by Articles 39-04 and 223d of the French General Tax Code (extravagant expenditure), corresponding to €81,020 in corporate income tax, which was duly paid.

No expenditure falling within the scope of Articles 39-05 and 223e of the French General Tax Code was recorded.

Disclosures concerning payment periods* (Article D.441-6 du French Commercial Code)

At year-end 2021, the amounts owed by the Company to its suppliers and its clients broke down by maturity as follows (in euros):

Overdue invoices received and issued not settled at the balance sheet date

	Article D. 441-6: overdue invoices received not settled at the balance sheet date						Article D. 441-6: overdue invoices issued not settled at the balance sheet date					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
(A) Late-payment analysis												
Number of relevant invoices	2					2	17					17
Total amount of relevant invoices excl. VAT		232,719	0			232,719		1,065,541	691,888			1,757,429
Percentage of total amount of purchases excl. VAT in the financial year	0%	0.248%	0.000%			0.248%						
Percentage of revenue excl. VAT in the financial year								1.670%	1.084%			2.754%
(B) Invoices excluded from (A) concerning receivables and payables disputed or not accounted for												
Number of invoices excluded												
Total amount of excluded invoices excl. VAT												
(C) Reference payment periods used (contractual or statutory period - Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment periods used to calculate late payments												

*Excluding banking and related transactions

Information on dormant bank accounts

Pursuant to French Act no. 2014-617 of 13 June 2014 on dormant bank accounts, Edmond de Rothschild (France) discloses that:

- it identified two dormant accounts as defined in the aforementioned Act on its books in 2021 with a total balance of €87,614.55;

- it did not identify any dormant accounts on its books in respect of 2021 with deposits or other assets transferable under French law to Caisse des Dépôts et Consignations and thus made no such transfers to Caisse des Dépôts et Consignations.

Information on branches (Article L. 232-1 of the French Commercial Code)

Pursuant to Article L. 232-1 of the French Commercial Code, the branches in existence at 31 December 2021 were as follows:

- a branch at Corso Venezia 36 in Milan (Italy)

- regional offices in Bordeaux, Lille, Lyon, Marseille, Nantes, Strasbourg and Toulouse

Information about offices and activities at 31 December 2021

Article L. 511-45 of the French Monetary and Financial Code as amended by government order no. 2014-158 of 20 February 2014 requires credit institutions to publish information about their offices and business activities within their scope of consolidation, in each state or territory.

Offices by country

Office	Activities
China	
Zhonghai Fund Management Co. Ltd	Asset Management
France	
Edmond de Rothschild (France)	Banking
Edmond de Rothschild Asset Management (France)	Asset Management
Financière Boréale	Proprietary Trading
SAS Edmond de Rothschild REIM (France)	Asset Management
Edmond de Rothschild Corporate Finance	Advisory and Financial Engineering
Edmond de Rothschild Private Equity (France)	Asset Management
SAS EDR Immo Magnum	Asset Management
ERAAM SAS	Asset Management
Elyan Partners SAS	Asset Management
ERES IV GP SAS	Asset Management
Financière Eurafrique	Banking
Immopéra	Other
Groupement Immobilière Financière	Other
Edmond de Rothschild Assurances et Conseils (France)	Insurance Brokerage
Hong Kong	
Edmond de Rothschild Asset Management (Hong Kong) Limited	Asset Management
Edmond de Rothschild Securities (Hong Kong) Limited	Wealth Management
Israel	
Edmond de Rothschild Boulevard Buildings Ltd	Real Estate Portfolio Management
Luxembourg	
Edmond de Rothschild Europportunities Management SàRL	Asset Management
EdR Real Estate (Eastern Europe) Cie SàRL	Proprietary Trading
Edmond de Rothschild Europportunities Invest II SàRL	Proprietary Trading
Edmond de Rothschild Europportunities Invest SàRL	Proprietary Trading
CFSH Luxembourg SàRL	Proprietary Trading
Bridge Management SàRL	Proprietary Trading
Edmond de Rothschild Europportunities Management II SàRL	Asset Management
EdR Real Estate (Eastern Europe) Management SàRL	Asset Management
Edmond de Rothschild Investment Partners China SàRL	Asset Management
Monaco	
Edmond de Rothschild (Monaco)	Wealth Management

Country	Revenue	Net banking income	Number of employees	Income (loss) before tax	Income tax	o/w current tax	o/w deferred taxes
China	-	-	-	-	-	-	-
France	845,171	362,364	790	74,612	−22,268	−25,358	3,090
United Kingdom	-	-	-	24	-	-	-
Hong Kong	11	9	-	2	-	-	-
Israel	2,092	1,945	1	138	-	-	-
Luxembourg	1,621	−7,109	-	−7,999	−612	−612	-
Monaco	-	-	-	10,377	-	-	-
Total	**848,895**	**357,209**	**791**	**77,155**	**−22,880**	**−25,970**	**3,090**

Post-balance sheet events:

Russia's invasion of Ukraine, which began on 24 February 2022, has led to the closure of the Russian financial markets and numerous sanctions on Russian interests. We have taken all necessary steps to manage market risks, anticipate any failure by our partners and subcontractors to perform their obligations, and increase the security of our IT system.

The bank's business activities are not materially sensitive to any risks (business activity, financial, operational) arising from the Ukraine crisis in terms of:

- Business activity risks: we have no business flows with correspondents or companies in Russia, Ukraine or Belarus
- Financial risks:
  - ✓ we have no Russian, Ukrainian or Belarusian banking counterparties
  - ✓ we have no banking correspondents in Russian roubles or Ukrainian hryvnia
- Operational risks: we do not currently have any transactions, for our own account or on behalf of a client, with Russian companies or on Russian territory. In this risk category, like all companies we cannot rule out the risk of a cyberattack, but there is nothing at the moment to suggest that we might be specifically targeted.

At the time of writing, it is too early to assess all the direct and indirect effects arising from this crisis.

Internal control and risk management procedures relating to the preparation and processing of financial and accounting information

Presentation of the organisation and operation of internal control and risk management

The key principle underpinning the internal control organisation is that operational duties should be kept separate from control responsibilities. Under this approach, front-office units (e.g. sales departments and trading floors) are kept strictly separate from support functions (e.g. back-office, middle-office and accounting). Edmond de Rothschild (France) uses a handbook of internal procedures that underscores this principle of the separation of duties. It also applies a framework of control processes performed by internal controllers within the Compliance and Permanent Control Department and in the business lines and subsidiaries. The internal control procedures aim to ensure that the accounting and financial information provided to the Supervisory Board, shareholders and supervisory authorities is fairly presented and reliable, and that this information is provided and published on a timely basis.

Control levels

Edmond de Rothschild (France)'s internal control framework is underpinned by the following principles:

- significant involvement of the corporate and supervisory bodies, especially the Audit Committee and the Risk Committee
- a Compliance and Permanent Control Department in charge of the second-level control consisting of 26 employees, including those from subsidiaries and branches. These employees are obliged to report their findings on a regular basis and apply a consistent control methodology
- a Central Risk Department monitoring operating risk, which has a central team of eight staff members plus ten risk controllers at the subsidiaries and branches, plus a network of ten operational risk liaison officers, representing a total of 29 individuals involved in risk management.
- an Internal Audit division, the third level of control, with seven members of staff
- special attention paid to compliance with the regulations, including the:
    - Government decree of 3 November 2014 on internal control
    - European Banking Authority's Guidelines on internal governance
    - AMF's General Regulation
    - MIFID II rule corpus
    - Recommendations published by the Basel Committee
    - Article L. 561-1 of the French Monetary and Financial Code concerning anti-money-laundering and terrorist financing obligations,
    - Government decree of 5 October 2015 concerning the automatic exchange of information.
    - FATCA agreement signed on 14 November 2013
    - IRS Revenue Procedure 2017-15, QI Agreement
    - DAC 6 (Directive 2018/822/EU).
- clearly separate resourcing of both periodic control (by the Internal Audit Department) and permanent control (by dedicated internal controllers and the Compliance and Control Department).

General risk management policy

Private banking, asset management, private equity and corporate advisory services are Edmond de Rothschild (France)'s main activities.
Accordingly, its risk management policy aims to:
- perform very strict controls on the development of various activities, including market and credit transactions, to ensure that only limited risk exposure is incurred
- arrange highly liquid financing arrangements, with abundant long-term sources of funds and uses of funds that can be sold easily, should the need arise.
In addition to its own role in monitoring financial risks, the Central Risk Department is tasked with coordinating risk management. In particular, it is responsible for organising cross-functional committees that review all the risks inherent in the Bank's business activities.

It drafts a Risk Policy in conjunction with its liaison officers and in line with the Edmond de Rothschild group's Risk Charter and Policy (Edmond de Rothschild (Suisse) SA, in Geneva), which is submitted to the Risk Committee, then approved by the Supervisory Board.

The Central Risk Department also submits a preventative recovery plan to the Risk Committee and the Supervisory Board, pursuant to the French government order no. 2015-1024 of 20 August 2015. The Central Risk Department reports directly to the Executive Board and regularly informs the Supervisory Board via the Risk Committee of the controls it performs.

Production of accounting and financial information

The internal control framework also applies to the production of accounting and financial information. The Company's individual and consolidated accounts are prepared within the Financial Department, respectively by the Corporate Accounting Department and the Group Accounting Department (hereinafter the Accounting Department), which are strictly independent of the operating entities. They also apply the principle that at least two staff members should be in a position to perform every critical task.

The Accounting Department prepares the (parent company and consolidated) accounts of the Bank and those of majority-owned subsidiaries primarily using information provided by the back offices. It applies the accounting principles and rules in force. The accounts of subsidiaries registered in other countries are prepared locally. The consolidation process relies on the submission of detailed information using a standard reporting package completed by each subsidiary.
The Accounting Department consolidates the income statement every month and carries out a detailed review of each subsidiary's individual financial statements. It ensures that financial statements are published by the relevant deadlines.

Furthermore, a meeting is held at least once a quarter under the authority of an Executive Board member to review doubtful loans and provisions for litigation and to determine the appropriate allocations to and reversals from provisions. The Legal Department, the Chief Financial Officer and, where appropriate, an Internal Auditor also attend this meeting. The Accounting Department has a unit tasked with analysing the financial statements and spotting potential errors. The accounting processes and the quality of the accounting and financial information are also subject to checks by permanent control, with one internal controller assigned solely to the Finance and Development Department, and to periodic audits by the Internal Audit Department. Additionally, the Company's financial statements have to be audited by two independent Statutory Auditors.

The parent company financial statements (Report of the Executive Board, parent company financial statements, management report) and consolidated financial statements (consolidated financial statements, Edmond de Rothschild (France)'s management report) are submitted to the Audit Committee and the Supervisory Board. The Audit Committee conducts a global and summary review of the control framework for accounting and financial risks, and ensures the system for reporting financial information is comprehensive and consistent.
Lastly, the Statutory Auditors review the interim financial statements (for the period to 30 June) and present their work to the Audit Committee ahead of the approval of the financial statements (at least twice a year). They are also invited to meetings of the Audit Committee and of the Supervisory Board that review the financial statements.

Recognition of financial risks associated with climate change effects and measures implemented to reduce them

Edmond de Rothschild (France) has actively pursued efforts to mitigate its environmental footprint since 2011. These efforts form an integral part of Edmond de Rothschild group's sustainability strategy. Measures taken by the Edmond de Rothschild group to reduce such risks are presented in the Sustainability Report. [1]

The specific measures taken by Edmond de Rothschild (France) are stated in the Statement of Non-Financial Performance section ("Failure to address biodiversity and climate issues in investments") in Edmond de Rothschild (France)'s annual repor

[1]/https://www.edmond-de-rothschild.com/fr/Pages/Sustainable-development-report.aspx

Statement of Non-Financial Performance

In accordance with French government order no. 2017-1180 of 19 July 2017 and decree no. 2017-1265 of 9 August 2017, the Edmond de Rothschild group hereby presents its Statement of Non-Financial Performance. It sets out the Group's business model and the way in which it manages the ethical, social and environmental risks that arise from its business activities. It also describes the main non-financial risks identified, the policies used to prevent those risks being realised and the results of efforts to manage them. The non-financial issues identified have been grouped into four pillars, as presented below.

The Edmond de Rothschild group's family heritage gives it a particular sense of what "long term" means, resulting in a desire to have a positive impact on the real economy and on social and environmental issues.

Information relating to the Group's impact on society (the fifth pillar) is presented in the Group's sustainability report[1].

The annual sustainability report provides details and key information about all material issues, targets and progress achieved towards the Group's commitments regarding the integration of sustainability matters.

Edmond de Rothschild (France) has been a signatory of the United Nations Global Compact since 2011, and is a member of the United Nations Environment Programme Finance Initiative (UNEP FI).

The aim of these two initiatives is to encourage financial organisations to apply sustainability principles more effectively, particularly by integrating environmental, social and governance (ESG) factors into investment and risk analyses.

This Statement of Non-Financial Performance (SNFP) has been verified by an accredited independent third-party organisation. The accuracy and fairness of the information presented in this SNFP are confirmed by the statutory auditor's report in the appendix to this section.

PRESENTATION OF NON-FINANCIAL RISKS

ETHICS AND GOVERNANCE	HUMAN CAPITAL	RESPONSIBLE INVESTING	ENVIRONMENTAL IMPACT
Failure to comply with responsibility commitments in a way that could affect the Group's reputation	Inadequate management of careers, skills and talent	Failure to take ESG issues into account in business activities	Failure to comply with the commitment to mitigate environmental impact
Failure to comply with legislation and to take cybercrime risks into account	Insufficient attractiveness of the employer brand and insufficient internal visibility for employees	Failure to address climate risk in investments	Failure to use resources in a sustainable manner
Failure to comply with business ethics rules on matters such as bribery and tax avoidance	Failure to respect equality and diversity, and to comply with health and safety standards	Failure to fulfil our responsible investing commitments	Failure to take into account climate change

[1] Edmond de Rothschild group Sustainability Report:
https://www.edmond-de-rothschild.com/en/Pages/Sustainable-development-report.aspx

Scope of the Statement of Non-Financial Performance

This report covers all the activities of Edmond de Rothschild (France) and of its subsidiaries (excluding subsidiaries and branches outside France). That scope represents 95% of Edmond de Rothschild (France)'s workforce.

Business model

The Edmond de Rothschild group offers tailored services to an international client base consisting of wealthy families, entrepreneurs and large institutions. It is an independent, family-controlled financial group focused on private banking and asset management. It also operates in corporate finance, private equity, real estate, insurance brokerage and investment fund administration.

The Edmond de Rothschild group has a Strategy Department that leads strategic discussions with the Executive Committee. It defines a vision that is translated into roadmaps for the Group and each business line.

Its expertise, respect for its commitments and co-ordinated management of all its business lines mean that the Edmond de Rothschild group maintains a relationship of trust with all of its stakeholders, internal and external.

Edmond de Rothschild (France)'s business model, presented here, reflects that of the Group. Details of Edmond de Rothschild (France)'s various business lines and their financial performance are provided in this management report.

SCOPE OF THE SNFP: FRANCE

The Edmond de Rothschild group is a conviction-driven investment house founded on the idea that wealth must be used to build the world of tomorrow. Our history as a committed entrepreneur allows us to participate in the advancement of a more sustainable form of finance through innovative and value-creating solutions.

OUR VALUES	OUR RESOURCES	OUR CLIENTS	OUR ACTIVITIES	OUR IMPACT
Our values are based on: - entrepreneurship - innovation - a desire to achieve impact	738 staff members in France and 32 locations in 16 countries including eight in France A single shareholder ensuring a long-term commitment	Individual private clients	**Private Banking** Advisory and Custody	€8.4 billion managed according to SRI strategies in France
These values are the legacy of one family's journey, pursued through a pioneering spirit and a committed entrepreneurial approach that run through everything we do.	Ongoing monitoring of resource usage in order to improve environmental management A growth model based on a strong ecosystem to support innovation and build a sustainable future	Institutional and semi-institutional investors Other banks / financial institutions	**Asset Management** Investments for institutional and private clients **Real Estate** Advisory and Investment **Private Equity** Advisory and Investment	100% of private equity assets under management covered by ESG integration 100% increase in SRI managed accounts in the French private banking business in one year
For us, success is built over the long term, through a cautious yet responsive approach that combines hard work with a permanent quest for innovative financial solutions.	4,473 MWh total energy consumption in 2021 19 tonnes of paper used in 2021 10 Edmond de Rothschild Foundations involved in more than 100 projects	Family offices Development finance institutions	**Corporate Finance** Advisory **Insurance Brokerage** Advisory	12 SRI-labelled funds Carbon emissions of 809 tonnes of CO_2 equivalent in France in 2021

We favour themes that involve long-term action in order to give substance to our convictions and have an impact on the real economy.

Resource management	Health	Changes in living	Human capital

Private banking is the Edmond de Rothschild group's original business. In France, it can pro-actively put together solutions and expertise to help private clients in a dynamic way and anticipate their needs as effectively as possible. To achieve this, the Group has created a range of products of services tailored closely to the needs of the real economy and entrepreneurs.

It offers investments, advice and expert services:
- M&A transactions
- financial planning
- portfolio analysis
- advice on life insurance
- advice on wealth management issues involved in selling a family-owned business

Entrepreneurs are one of the Bank's main sources of growth in France. Major synergies between the Group's various skills enable it to offer suitable solutions for transfers of ownership, capital increases and acquisitions.

Edmond de Rothschild's asset management offering is designed to manage clients' assets in an active, conviction-based manner. Edmond de Rothschild Asset Management seeks to deliver more than just index-based returns, instead focusing on long-term value creation. Its range of investment solutions consists of funds and managed accounts for institutional investors, along with open-end mutual funds marketed by numerous partner institutions (private banks, asset management companies and insurance companies) and by independent financial advisers to private clients.

The Group's asset management, private equity and real estate activities form part of the same business line, so it can offer an integrated investment service covering all asset classes.

In addition, to increase its international distribution capabilities, the Group has set up an umbrella French SICAV fund: its main open-end FCP funds are now sub-funds of that SICAV.

Private equity is a strategic business at the Edmond de Rothschild group, delivering value-added investment solutions that conjoin uniquely with private banking services.

In terms of real assets, we have a diverse skillset covering real estate, private equity and infrastructure debt. All of these skills are orchestrated to create value in a sustainable and profitable way.

Our Global Head of Distribution is also tasked with deploying asset management's commercial strategy across all geographies and promoting the whole asset management range, including liquid and real assets, covering all client segments (institutional investors, distributor partners and independent wealth management advisors).

Our approach

The non-financial risks listed in this SNFP were reviewed in late 2021 by the heads of the relevant teams: Compliance and Permanent Control, Legal, Risk Management, SRI, General Resources and Human Resources. Based on that analysis, Edmond de Rothschild (France) changed its approach to identifying priority non-financial risks in order to manage them in a more targeted way. The risks taken into account are assessed as being those most representative of Edmond de Rothschild (France)'s activities.

Accordingly, given the nature of the Group's activities, the following do not form part of the Group's material issues and have not been identified as material risks for Edmond de Rothschild (France): the circular economy, efforts to combat food insecurity and food waste, animal welfare and a responsible, fair and sustainable diet.

Ethics and governance

FAILURE TO COMPLY WITH RESPONSIBILITY COMMITMENTS IN A WAY THAT COULD AFFECT THE GROUP'S REPUTATION

As a committed, family-owned group, Edmond de Rothschild believes that its culture of taking an ethical and responsible approach in all circumstances forms the foundation of its operations and of the behaviours it demands of its staff. The adoption of ethical and responsible practices in our lines of business defines the way we operate and determines our development.

Policies

Corporate governance at Edmond de Rothschild (France) is determined by its Corporate Governance Directive, based on the Group Directive on Corporate Governance. It applies to Edmond de Rothschild (France) and Edmond de Rothschild Asset Management (France). Since Edmond de Rothschild SA is no longer a material entity in the Edmond de Rothschild group, it has not been subject to the Directive since it was updated in December 2020.

The Directive complies with regulatory obligations applicable to credit institutions and asset management companies, along with recommendations made by the French, European and Swiss supervisory authorities. The Executive Board is responsible for transposing the Group directive into a local directive and for ensuring that the local directive is properly applied. The Directive is published on the French intranet and made available to all staff members. The Group remains committed to communicating regularly about the Directive.

The Group's Social Responsibility Policy details the Group's position and the measures it takes to prevent breaches of human rights connected with its business and of protected fundamental freedoms. It was reviewed in 2021 and certain elements are still to be added. It will be validated by the Group Executive Committee in 2022 and made publicly available on the Edmond de Rothschild group website.

In addition, and to meet the requirements of Article D. 533-16-1 of the French Monetary and Financial Code in particular, the Supervisory Board's internal rules will be updated in 2022. The aim of this is to ensure that local governance bodies take into account environmental, social and governance (ESG) criteria, in order to improve management of risks that could affect the Group's reputation and ensure that sustainability matters are integral to the mission of all local entities.

Edmond de Rothschild (France) is a public limited company *(société anonyme)* governed by a Supervisory Board and an Executive Board. This two-tier structure satisfies the Group's corporate governance principles, whereby executive management must be separate from oversight tasks.

As part of that structure, Edmond de Rothschild (France) is committed to maintaining robust governance bodies, including by ensuring that the members of those bodies have a diverse range of profiles, so that the combined skills of its members allow it to pursue, manage and supervise all of its activities.

It also seeks to make those bodies even more robust where required, particularly when it moves into new business areas and when its regulatory obligations change.

Accordingly, the Group appointed three new members to its Supervisory Board in 2021 to enhance its collective skillset:

- Sabine Rabald, CEO of SAS Configure Créative and former Group Chief Operating Officer of Edmond de Rothschild (Suisse), who has skills in asset management and private equity, but also in support services such as information technology, banking operations and general services. She also has experience of control and compliance roles.

- François Pauly, Chief Executive Officer of Edmond de Rothschild (Suisse), whose expertise relates to the finance industry, particularly private banking and insurance. During his career, he has held a number of international and management roles.

- Philippe Cieutat, Chief Financial Officer of Edmond de Rothschild (Suisse), who has skills in finance, governance and control functions. He has spent most of his career working for banks, and mainly within the Edmond de Rothschild group.

In addition, to meet new obligations regarding the balanced representation of men and women within its collegial bodies, Edmond de Rothschild (France):

- has since 2020 applied gender diversity rules within its Supervisory Board, whose membership was 45% female and 55% male at 31 December 2021,
- has since 2020 put in place a process for selecting Executive Board members, ensuring that at least one male and one female candidate will be considered in order to seek balanced representation of men and women on the Executive Board.

As announced in 2020, the Group increased diversity in terms of the profiles of its Supervisory Board members and increased the proportion of women sitting on the Supervisory Board in 2021.

Edmond de Rothschild (France) also ensures that the Supervisory Board has a sufficient number of independent members, in accordance with rules set out in the Middlenext Code, which the Supervisory Board has voluntarily adopted.

The Executive Board relies on the skills of specialist committees dealing with specific business lines and operational functions.

The Supervisory Board relies on work done by an Audit Committee, Risk Management Committee and Remuneration Committee, which allow it to check that the business strategy is properly applied in accordance with the risk tolerance defined by the Bank. These committees ensure that controls are applied correctly at the highest level of governance.

A procedure to check the criteria for appointing and renewing the terms of office of governance-body members was adopted in 2017. That work involves assessing the integrity of members, their individual and collective skills, their availability, their compliance with rules about holding multiple corporate roles, their conflicts of interest and their independence, with regard to both Middlenext and UCITS V rules. Assessments carried out in 2021 before members were appointed or had their terms of office renewed did not reveal any anomaly resulting in candidates being rejected.

36.36% of Edmond de Rothschild (France)'s Supervisory Board members were independent at 31 December 2021, as opposed to 40% in 2020 and the minimum of one third required under the Middlenext Code

The fall in that percentage was due to the appointment of three additional non-independent members to the Supervisory Board.

45% of Supervisory Board members are women, as opposed to 40% in 2020

As a result of the continuing Covid-19 pandemic and measures taken by the public authorities in France making it impossible to hold many meetings of governance bodies in person, Edmond de Rothschild (France) changed the way those meetings were organised without disrupting their timetable, including meetings relating to the approval of financial statements for the 2020 financial year.

The collegial bodies were able to meet as often as necessary, either remotely via conference calls or videoconferencing, or in person in strict compliance with required health protection measures, depending on the time the meetings were held.

The crisis unit – made up of Executive Board members and people from the Central Risk Department, Human Resources Department, Information Systems Department and General Resources – continued its activities. It was set up before the start of the first lockdown in 2020 to activate the emergency business continuity plan and to monitor its implementation as the Covid-19 pandemic developed. The decisions taken by the crisis unit, such as the general use of remote working, team rotation, the provision of IT hardware, increased vigilance regarding cybersecurity and enhanced communication with staff members and clients, enabled the Group to protect its staff and ensure that sufficient human and technical resources were available to ensure that its business could continue in a satisfactory way.

FAILURE TO COMPLY WITH LEGISLATION AND CYBERCRIME

The Compliance and Permanent Control Department has adopted systems and action plans that ensure compliance with the principles set out by regulations in force in all business areas. In view of tougher statutory obligations, the Compliance and Permanent Control Department has taken action needed to strengthen its systems, ensuring that its operations run smoothly and that clients are protected.

As well as complying with and applying regulations and conduct rules applicable to banking and financial activities, the Compliance and Permanent Control Department brings its expertise to bear in a number of areas, monitoring current legal developments as well as changes in regulatory provisions and the case law. Intelligence, monitoring and development processes enable it to:

- strengthen oversight systems,
- update alert procedures on a regular basis,
- review internal directives,
- continue compliance training.

Policies

The Edmond de Rothschild group has adopted an internal policy in connection with each theme that may affect its business activities, staff members or other stakeholders in areas including:

- gifts and benefits,
- prevention of money laundering and terrorist financing,
- market abuse,
- conflicts of interest,
- specific mandates.

The policies put in place by the Compliance and Permanent Control Department are communicated to the relevant Group employees.

The Group has a set of policies and procedures that classify information, define the rules for ensuring confidentiality and meet regulatory requirements regarding personal data protection. These documents have been circulated among the Group's staff and may be viewed on the French intranet at any time. The French processing register was compiled before May 2018 and is updated on an ongoing basis through co-ordinated work by the various departments concerned and the Data Protection Officer (DPO). Edmond de Rothschild (France)'s register was updated in 2020.

The Edmond de Rothschild group is therefore firmly committed to complying with regulations at all times and to ensuring that each staff member behaves responsibly, to ensure that risks are managed strictly.

The Group's main aim is to maintain active communication regarding procedures and directives. As new regulatory provisions came into force in 2021, ethics-related policies were not reviewed. The inclusion of non-financial risks in some of those policies will be proposed in 2022.

All of Edmond de Rothschild (France)'s compliance-related procedures are available to all staff members via the intranet and categorised by activity or business line according to their content.

At the Edmond de Rothschild group level, the following documents are made available to staff members:

- Group Code of Ethics,
- Group Directive on Corporate Governance,
- Group directive on the Swiss Anti-Money Laundering Act,
- Group directive on higher-risk business relationships and transactions,
- Group procedure on exchange of information,
- Group Legal & Compliance Charter,
- Group directive on consolidated supervision,
- Order execution policy,
- Directive on international financial sanctions,
- Group risk policy,
- Group Cross-Border Directive,
- Group directive on controversial weapons.

The following are also available now:

- Group directive on conflicts of interest,
- Group directive on the prevention of market abuse.

Various internal control arrangements are used to check that all regulations are complied with. This includes regulatory intelligence work carried out jointly by the Legal Department and the Compliance and Permanent Control Department (CPCD). Targeted working groups also assess legislation and establish the right way to ensure compliance with laws. Three levels of control are applied to all activities affected, and they are constantly updated and enhanced. As part of its control work, the CPCD carries out regulatory intelligence activities in order to improve systems in view of regulatory changes.

Targeted training is organised for the teams concerned. For example, to train its staff in the prevention of money laundering and terrorist financing, Edmond de Rothschild Asset Management (France) has since 2015 used a digital training tool developed by the AFG (Association Française de la Gestion Financière), which is suited more specifically to the asset management business.

In Private Banking, the CPCD has custom-developed a specific e-learning course relating to the prevention of money laundering and terrorist financing.

In 2021, the CPCD also updated and provided in-person training relating to efforts to combat money-laundering and terrorist financing for the staff members concerned.

Training relating to market abuse, developed by the CPCD in digital format and adjusted for the Edmond de Rothschild (France) group's various business lines, was provided to the staff members concerned in 2021 and extended to all similar entities within the Edmond de Rothschild group.

Through these efforts, the Bank actively monitors compliance with regulations and makes all staff members faced with these risks aware of regulatory developments. The CPCD make ongoing efforts to ensure compliance with the Bank's policies and directives.

As regards work-related regulations, operational risk sheets have been prepared for all of the major regulatory risks identified, in which staff members are reminded of the applicable procedures and the risk-prevention arrangements in force. Once per year, the Bank's Risk Committee, assisted by representatives of the Bank's various departments, analyses the indicators related to those risk sheets and ensures that procedures are properly applied. The Bank has also arranged employment law training for managers.

The Head of Human Resources in France reports directly to the Group HR Department and sits on Edmond de Rothschild (France)'s Executive Board. As a result, compliance with employment law is a cross-functional commitment that receives ongoing attention and is the subject of regular updates in Executive Board meetings. The Bank's internal control bodies are also in charge of proposing improvements to ensure optimal risk management.

As regards protecting data and clients, the Bank has various projects and effective tools that increase effectiveness and ensure continuous improvement.

The Group's Information Systems Security Officer (ISSO) and Data Protection Officer (DPO) ensure, among other things, that both the Group's internal policy regarding client data protection and employee best practice are applied and complied with.

Similarly, the DPO helps departments and subsidiaries in their activities as regards GDPR issues, and checks that they comply with GDPR and apply it properly. Awareness-raising campaigns are constantly being developed. In 2021, 96% of Edmond de Rothschild (France) employees took the GDPR e-learning course.

Internal control teams are strengthened by the Information Systems Security Officer (ISSO) and Data Protection Officer (DPO), who ensure, among other things, that both the Group's internal policy regarding client data protection and employee best practice are applied and complied with. Similarly, the DPO helps departments and subsidiaries in their activities as regards GDPR issues, and checks that they comply with GDPR and apply it properly. Awareness-raising campaigns are constantly being developed. In 2021, 96% of Edmond de Rothschild (France) employees took the GDPR e-learning course.

In addition, new staff members, including interns, undertake training in relation to cybersecurity, data protection and GDPR. Contracts with subcontractors are monitored on an ongoing basis and if necessary are updated in accordance with regulations.

All types of processing that use personal data are identified in the "Processing register" kept by Edmond de Rothschild (France) and its subsidiaries. This register is monitored using a specific application, which was deployed in 2021 and allows the Group to manage GDPR compliance matters.

All processing methods covered by the register are checked and updated by the departments concerned.

IT projects are analysed jointly by the DPO and the ISSO based on GDPR and Security forms completed by project leaders. The aim is to check, before projects are carried out, that they comply with the principles of minimisation, privacy by design and privacy by default. In 2021, 19 forms were produced and validated jointly by the ISSO and the DPO.

IT applications that manage confidential and personal data are also covered by a compliance plan and are constantly updated to increase security in terms of data and access.

Finally, around twelve Privacy Impact analyses have been carried out since 2018, looking at the ways in which personal data are processed to ensure that they are GDPR-compliant.

Reviews of these analyses, which will lead to updates if necessary, will start in 2022. Key performance indicators (KPIs) and key risk indicators (KRIs) have been defined at Group level regarding GDPR compliance, and they are updated every quarter by Edmond de Rothschild (France).

99% of subcontractors have included GDPR clauses in their contracts with Edmond de Rothschild (France).

0 incidents requiring notification to the relevant authority in 2021.

FAILURE TO COMPLY WITH BUSINESS ETHICS RULES ON MATTERS SUCH AS BRIBERY AND TAX AVOIDANCE

The Edmond de Rothschild group aims to do its work in a responsible and exemplary manner. The conduct of employees and managers with respect to regulations and internal rules is a priority, to ensure that the Group's activities run smoothly and to help it achieve its targets. Ethics, integrity and transparency are intrinsically linked to the Edmond de Rothschild group's values as a family-owned business and its acute sense of responsibility.

Policies

The Group Code of Ethics represents one of the main internal policies applied by the staff members of the entire Edmond de Rothschild group. Absolute compliance with the ethical rules set out in that Code is achieved through rigorous checks on its application in all of the Bank's business lines.

The ongoing aim is to strengthen internal procedures and raise awareness among all staff members about the importance of referring to the Code of Ethics at all times.

The Code can be accessed by all staff members on the intranet. It states, explains and supplements laws and regulations, as well as ethical best practice.

Internal procedures, together with the Audit, Risk and Compliance and Permanent Control Committees, ensure that it is properly applied within the risk tolerance that the Group has defined. The arrangements established by these Committees – such as the risk policy, the internal risk charter and procedures for each specific identified case – facilitate robust management by the management and control bodies.

Every year, all staff members concerned are required to take a training course on the prevention of money laundering and terrorist financing.

Edmond de Rothschild (France)'s procedures are based on the fundamental duty to know one's client, and remind employees of the Bank's obligations relating to the fight against money laundering and the financing of terrorist activities. They also cover the prevention of market abuse, ethical provisions applicable to employees as well as rules relating to the use of IT and communication resources.

The CPCD has set up whistleblowing procedures that allow all staff members to identify unethical behaviour and breaches of regulations or legislation in force. Internal controls to monitor the systems in place help ensure that the directives and tools provided to all concerned work correctly.

All employees must, at all times, perform their duties to the required standard in terms of ethical conduct, skill, care and diligence. They are expected to work in the best interests of clients and all stakeholders. The whistleblowing procedure ensures full confidentiality for staff members. Annual performance assessments also remind staff members of the ethical principles that apply to them.

84% of staff members attended at least one Ethics and Compliance-related training session in 2021 (96% in 2020)

81% of training sessions in 2021 related to Ethics and Compliance matters (70% in 2020)

The Edmond de Rothschild group's organisation into business segments allows it to strengthen consolidated supervision across each business line by the Group's Swiss holding company Edmond de Rothschild Holding S.A.

Edmond de Rothschild (France) does not have any subsidiaries in tax havens. This choice forms part of the Group's commitment to protecting the financial system, with the aim of maintaining and increasing the public's trust in it. The Edmond de Rothschild group's duty of disclosure aims to achieve the high level of transparency needed to maintain the trust of its clients and stakeholders over the long term.

The Group Code of Ethics provides a global framework for all themes relevant to its activities, including those concerning tax evasion. The Code also states that "the Edmond de Rothschild group takes a risk-based approach, intending to initiate business relationships only with clients whose assets are in compliance with their tax obligations."

Group employees follow codes of conduct adopted by the entities for that purpose. The Group has a procedure concerning "exchanging information within the Group as part of the consolidated monitoring process", which describes in detail the rules about managing related risks, such as tax evasion. The third Group procedure relates to "handling transaction alerts".

The Group's anti-corruption system includes corruption risk monitoring measures involving an anti-corruption code of conduct, corruption risk-mapping for each entity, an employee whistleblowing procedure and rules regarding gifts and invitations. Awareness-raising emails and digital staff training courses are also used.

Edmond de Rothschild (France) has set up a system that complies with French automatic exchange of information (AEoI) standards. The system ensures that all staff members are aware of AEoI principles. In addition, client documentation includes the necessary information about AEoI for countries with which France has signed an information exchange agreement.

The system supplements the anti-money laundering and terrorist financing system, which includes tax fraud as one of its criteria for transaction monitoring and suspicious transaction reports.

The CPCD and the Legal Department supervise the implementation of these initiatives and ensure that they cover the relevant people.

0 criminal convictions or corruption-related penalties

Human Capital

LACK OF ATTRACTIVENESS OF THE EMPLOYER BRAND

The Human Resources department's main aim is to reconcile the development of human capital with the Edmond de Rothschild group's economic performance. Human capital is a key pillar in our sustainability strategy. The commitment of our Human Resources teams to development is based on sharing common Group values such as collective effort, a strict sense of ethics and the quest for excellence. Their role is to support business lines in order to position the Edmond de Rothschild group as an employer of choice.

Policies

Attracting, developing and retaining the best talent is a key objective of the Edmond de Rothschild group. Processes and tools for staff recruitment and internal transfers are reviewed and improved on a regular basis to help achieve this objective.

The Group's Social Responsibility Policy also applies to all staff members and covers themes such as:

- respect for human rights,
- recruitment processes,
- remuneration, internal transfers and promotions,
- work/life balance,
- a culture of dialogue and teamwork.

The "young graduates" policy aims to match available internships with students based on their profiles, in order to give young people in education the best chances of success. The policy also includes commitments regarding training and supporting interns. The Human Resources Department assesses and adjusts the policy depending on market developments, the specific features of internships and the Group's strategic aims.

In 2020, the Group's Social Responsibility Policy was updated. It will be developed further in 2022 and published on the Group website after being validated by the Group's Executive Committee. Other policies aiming to formalise certain processes will be considered in 2022. This exercise has been delayed by the emergency response to the Covid-19 crisis.

The Human Resources Department has also adopted the target of strengthening the Group's employer brand internally in 2022.

The Human Resources Department is committed to ensuring that employees have a positive experience throughout their career with the Group and is therefore constantly seeking to improve existing processes, particularly in the following areas:

- recruiting the best talent,
- integrating joiners,
- encouraging promotion to internal vacant positions and promotion of talented staff members,
- training and developing staff members,
- managing performance,
- ensuring quality of life at work,
- managing jobs and careers,
- recognising employees and providing benefits.

Processes and tools for recruitment and promotion to internal vacant positions ensure that candidates are assessed solely on the basis of their skills and suitability for the role, thus excluding all forms of discrimination. The Group is active on social media, which represent a powerful way of sharing its social commitments in these areas.

93% of Edmond de Rothschild (France)'s workforce on unlimited-term contracts at 31 December 2021

Despite the Covid-19 crisis, Edmond de Rothschild (France) is continuing to meet many school and university students through various events aimed at creating a pool of talented young employees and playing an active role in their professional development. The Bank welcomed 26 young people on work-study and/or professional development programmes in 2021.

In 2021, despite the difficult circumstances, Edmond de Rothschild (France) also gave internships to 92 students, who shadowed teams in and familiarised themselves with various business lines. Edmond de Rothschild (France) hired 14 young people after internships through various types of contract (unlimited-term, fixed-term, vacation and apprenticeship contracts) and one apprentice was given a fixed-term contract.

In addition, the Edmond de Rothschild group decided in 2021 to guarantee the salaries of all staff members throughout the crisis and not to use systems allowing furloughing or deferrals of tax and social security payments.

To continue skills development despite the unusual circumstances in the last two years, the Group deployed its onboarding programme for joiners through e-learning sessions and webinars in order to adapt to new working conditions.

In addition, targeted development programmes were reviewed and modified in order to adjust to remote working. Talent development is a key part of the Group's strategy and training programmes must provide an appropriate response to business lines' strategic issues and needs. Each staff member must be able to access learning that is customised and adjusted to his/her needs.

The managerial training programme was revamped in 2019 and tackles themes including change management. The format of this training, which combines personal skills development with classroom-based and digital learning, also creates a community and a discussion forum for managers. Its form was adapted in the context of the Covid-19 crisis. Its content was also adjusted in order to address the challenges of managing remotely.

The business expertise programme was developed, and offers technical training for the various functions within the Group. Training programmes specifically developed for business lines such as private banking and asset management are also offered in order to address any issues encountered within them. These new programmes will be rolled out in 2022.

Other training programmes within the Group, including regulatory training, are regularly reviewed by Human Resources teams with the aim of enhancing the offering, ensuring that quality levels are consistent for all staff members and providing solutions that meet their changing needs ever more effectively.

86% of staff members in France took at least one training course in 2021

LACK OF ENGAGEMENT

Ensuring and improving employee engagement by giving meaning to their everyday activities is a major aim of the Human Resources department. Working for a family-owned company that has established long-term commitments and values helps to create a strong culture that fosters employee engagement.

Policies

The Human Resources department strives to increase synergies and communication within teams by providing close, regular support to staff members and managers. Communication is especially important because the banking industry has undergone major change in the last few years.

Annual performance reviews and vocational appraisals are key elements of the Human Resources strategy. Through them, qualitative and quantitative information is collected regarding each staff member's performance level and engagement, but also about their expectations regarding career development.

Annual performance reviews form part of a continuous improvement approach. The criteria adopted in the review process are in line with the Group's leadership model.

Annual performance reviews allow all staff members to alert their line managers about any issues with their workload and work/life balance. Whistleblowing systems and prevention procedures have already been set up at the operational level to help local managers prevent difficulties.

All Group entities can join a programme supported or developed by the Edmond de Rothschild Foundations or propose one or more programmes on a theme supported by the Group, such as education or entrepreneurship with a positive social and environmental impact. The Group's Social Engagement Charter, which describes the social engagement framework as well as the opportunities for entities and staff members, will be reviewed and improved in 2022 as part of the Solidarity project implemented by the Human Resources department. The project aims to establish a wide range of attractive opportunities for staff members and teams wanting to get involved in engagement programmes.

The Human Resources department also intends to increase employee engagement in 2022 by deploying targeted internal surveys and proposing cross-functional projects within the Group.

The “pack culture” introduced in 2019 aims to embed the Group’s culture within day-to-day practices in order to create a united internal environment. The ten principles of the Group’s culture were also integrated into the annual performance review process in 2021.

Finally, negotiations regarding quality of life at work will take place in 2022. Quality of life at work will be monitored using various indicators and involves matters such as:

- the right to disconnect / work-life balance,
- help for carers,
- remote working,
- prevention of psychosocial risks.

A procedure for preventing psychosocial risks has been in place for several years. It includes the possibility for Management and staff representative bodies to carry out joint surveys and propose ways of improving prevention methods.

All of the Human Resources team has received training in detecting, preventing and dealing with psychosocial risks using a training tool called “Pétillance”.

During the Covid-19 crisis, the HR department has paid particular attention to psychosocial risks. Managers will be offered training on this subject in 2022 to supplement existing awareness-raising during employment-law training. Efforts will also be made to raise awareness among all staff members.

94.2% of staff members completed annual performance reviews in 2021 (accurate as of 7 February 2022)

The Edmond de Rothschild group favours offering in-house career development opportunities and, to achieve that, uses various methods of supporting and communicating with its staff.

Vocational appraisals carried out every year by managers allow staff members to highlight their development and/or training needs and to say how they want their careers to progress. They are therefore a valuable opportunity for discussion.

In particular, the discussions allow managers and Human Resources to support the career plans of staff members and to develop in-house career opportunities, in order to encourage internal transfers.

The Group set up a committee in 2015 with the aim of aligning skills and talent management with staff development requirements. Internal transfers demonstrate an employee’s commitment to building a long-term career. They aim to match personal aspirations with the needs of the Group, prepare for the future in line with its strategic developments, develop a shared culture, retain employees and strengthen our employer brand.

In 2021, communication initiatives, including a series of videos, highlighted internal transfer opportunities and informed staff members of the processes involved.

49 Edmond de Rothschild employees in France were promoted to internal vacant positions in 2021 (16 in 2020), 45% of whom were women (38% in 2020)

FAILURE TO COMPLY WITH EQUALITY AND DIVERSITY LEGISLATION AND WITH HEALTH AND SAFETY STANDARDS

The Edmond de Rothschild group ensures that all its staff members are treated fairly and do not experience any form of discrimination. When staff members are recruited, when they are promoted to internal vacant positions and throughout their careers, the Group strives to recognise their skills and combat all types of discrimination.

Policies

All Human Resources processes factor in the principle of non-discrimination, overseen by the Group’s Human Resources department and the Executive Committees of its various entities.

A “Professional Future” committee, featuring members from the Group’s management and staff representative bodies, meets twice yearly. During its meetings, various indicators are presented that help ensure the absence of any discrimination.

A specific diversity module is included in the employment law training programme that has been offered to managers since 2016. More than 100 managers have taken part in the programme. “Discrimination-free recruitment” training will be provided to the Human Resources team in 2022.

The Edmond de Rothschild group regards diversity of background and age as an additional opportunity to meet the demands of the market as effectively as possible and drive innovation. These are all areas in which the Group has made a commitment to guaranteeing equal opportunities.

The Group’s Social Responsibility Policy also deals with these themes. The policy will be revised in 2022 and published on the Group website.

The Human Resources Department has set a target of increasing the proportion of new recruits who are women from 45% to 55% and, for employees taking maternity leave, of carrying out more than 90% of annual performance reviews and annual appraisals before their leave begins.

The aim for 2022 is to improve the gender balance within the workforce.

An agreement on this matter was signed with staff representative bodies in 2019. It includes several measures to ensure equality in terms of recruitment, remuneration, and access to the most senior management roles. Edmond de Rothschild (France) publishes its gender equality index every year. The index score shows the Group's strong commitment to this matter.

88 points out of 100 : Edmond de Rothschild (France)'s gender equality index score

48% of executives at Edmond de Rothschild (France) are women

Efforts are also directed at fostering generational diversity and hiring individuals with disabilities. Human Resources makes regular efforts to raise managers' awareness of these subjects, particularly through training courses. In 2021, the Group updated its intranet page regarding the policy for integrating disabled people into the workforce and keeping them in work. An animated video was sent to all staff members.

An agreement on this matter was signed for the first time in June 2015 for companies in the UES (a legally recognised group of integrated companies in France). It was renegotiated in 2018, and again in 2021. One of the commitments made in these agreements is to increase the percentage of disabled people in the workforce. Targets of 1.3% by the end of 2017 and 2% by the end of 2020 were set and achieved. These good results are partly due to the training undertaken by the Human Resources team, which has also significantly raised awareness levels among managers.

The new three-year agreement (2021-2023) provides for disabled people to make up 3% of the workforce at the end of the period. At the end of 2021, the percentage was 2%. The Group's disability initiative is continuing to help implement the agreement, raise awareness and encourage involvement among staff members, monitor the situation of disabled people within the Group, and manage the allotted budget. The Human Resources team also supports disabled employees when they have specific needs in areas such as their working environment or work organisation, using external resources – such as ergonomists – where necessary.

The Bank is also committed to improving generational diversity. The Group pays particular attention to avoiding age-based discrimination. As regards older employees, the Human Resources team supports employees who are approaching retirement age, to help them make a smooth transition in a way that addresses their needs. Older staff members receive specific support, which can involve a number of personalised meetings along with pension reviews. All senior employees receive training in how to prepare for retirement.

An Economic and Workforce-Relations Committee was elected for a four-year term in December 2019 for the Edmond de Rothschild (France) UES, which comprises Edmond de Rothschild (France) and four subsidiaries. A new election will take place in December 2022.

Monthly meetings are scheduled between the Economic and Workforce-Relations Committee and management, and all meetings took place in 2021. Staff representative bodies were involved in the crisis management process and informed of all changes to the health protocol. Four agreements were signed with union representatives in 2021 regarding employee savings plans and employees. Health, safety and wellbeing at work remained priorities in 2021. Staff representative bodies were informed and consulted regularly throughout the year about all of their prerogatives in this area.

Specifically in relation to the Covid-19 crisis, the major risk was that a department might be unable to carry out its work because of too many staff members taking sick leave at the same time. Several initiatives were taken to manage that risk:

- accurate monitoring of sick leave,
- regular contact with occupational health,
- continuation of remote working arrangements beyond the period required by regulations.

No serious difficulties arose in 2021 in this area. All departments operated normally, ensuring business continuity.

In 2021, Edmond de Rothschild (France)'s Head of Human Resources made sure that health and safety regulations were complied with strictly in the context of the continuing Covid-19 crisis. All safeguarding measures in relation to teams present on-site were taken, such as:

- providing face coverings, which people present on the Bank's premises were required to wear,
- providing hand sanitiser,
- introducing social distancing rules,
- cleaning touch points in common areas etc.

Staff members were regularly informed about changes to public health protocols in place within the Bank. Staff members whose roles were compatible with remote working were required to work a minimum number of days from home.

The Human Resources department paid particularly close attention to staff members wanting to work more in the office, particularly because of difficulties organising their personal or professional activities. The long duration of the crisis prompted us to pay greater attention to preventing psychosocial risks. Two freephone numbers were set up for staff members: one for contacting a doctor, and one for psychological consultations.

The absenteeism indicator for 2021 cannot be analysed because of the high incidence of coronavirus-related sick leave.

More generally, specific measures are still being taken to ensure a high level of safety for people and property. Buildings and staff members are protected by a team of trained people who are present throughout business hours. Staff members in regular contact with clients have also received training about how to handle difficult situations.

Further training will be offered in this area in 2022.

Quarterly reports on workplace accidents are sent to France's Health, Safety and Working Conditions Committee (CSSCT). For each accident, management states the measures taken to prevent them and any remedial action. The accident frequency rate was 0.98[1] in 2021 (2.01 in 2020) and the injury severity rate was 0.001[2] (0.01 in 2020).

Around 20 staff members have received training and have workplace first aid qualifications. Whereas the law requires retraining every two years, the Human Resources department has decided to offer top-up training every year to workplace first aiders.

Training programmes relating to fire risks and first aid were offered to staff members on an e-learning basis in 2021, pending the resumption of face-to-face training.

The DUERP (single document for assessing occupational risks) and the PAPRIPACT (annual programme for preventing occupational risks and improving working conditions) are updated every year after consultation with the CSSCT and the occupational health officer.

[1] The accident frequency rate is calculated as follows: $\frac{\text{No. of accidents resulting in lost working time x 1,000,000}}{\text{No. of hours worked}}$

[2] The injury severity rate is calculated as follows: $\frac{\text{No. days compensated x 1,000}}{\text{No. of hours worked}}$

Responsible Investment

For many years, the Edmond de Rothschild group has addressed environmental, social and governance issues in order to manage risks and opportunities more effectively. Efforts to make finance more sustainable by adopting long-term projections fit closely with the Group's values. Edmond de Rothschild Asset Management (France) has been a signatory to the United Nations' Principles for Responsible Investment (PRI) since 2010, and it makes ESG a central part of its investment and development strategy.

FAILURE TO TAKE INTO ACCOUNT ESG ISSUES IN INVESTMENTS

The Responsible Investment pillar refers to the following material issues:

- carbon risk management and energy transition,
- inclusion of ESG criteria in financial analysis,
- positive screening in asset management,
- shareholder engagement, dialogue and voting policy,
- the United Nations Sustainable Development Goals (SDGs),
- impact investing,
- theme-based investing.

Factoring ESG criteria into investment decisions is regarded as a key priority.

Edmond de Rothschild Asset Management (France) and Edmond de Rothschild Private Equity have also been signatories of the United Nations Principles for Responsible Investment (PRI) since 2010 and 2016 respectively.

Edmond de Rothschild Private Equity (France) is also a signatory of France Invest's "charter of commitments for investors in growth", which deals with ESG matters in particular.

Policies

Edmond de Rothschild (France)'s commitment to responsible investment and to taking ESG issues into account is formally set out in the Group's Responsible Investment Policy. It is available on the Group's website. All subsidiaries refer to this policy when developing their sustainable investing activities.

Edmond de Rothschild Private Equity also has a Responsible Investment policy. That policy will be updated in 2022 to include changes in methods for taking into account sustainability risk.

Edmond de Rothschild Asset Management (France)'s Responsible Investment Policy was reviewed and updated in 2020 to ensure that the methods used reflect the Group's developments. This enhanced ESG policy contributes to the sharing of best practice within the various business lines and helps to make methods more robust. At the Group level, in relation to the entry into force of the Sustainability Financial Disclosures Regulation (SFDR) in 2021, the policy has been supplemented by a policy for factoring in sustainability risks and taking into account negative impacts in relation to sustainability.

The Responsible Investment Policy is implemented in various ways:

1. In-house exclusion policy regarding controversial weapons, thermal coal and tobacco,

2. Integration of ESG risks and opportunities into fundamental analysis regarding equities, credit and sovereign issuers;

3. Active selection of companies that have sustainability policies, using a proprietary in-house ESG rating system for positive-screening SRI funds.

4. A shareholder engagement policy across all asset classes.

5. Implementation of a climate roadmap.

The policy means that the Group is able to build SRI portfolios that combine strong ESG impacts with financial returns.

Edmond de Rothschild Asset Management (France) has also been a signatory of the United Nations Principles for Responsible Investment (PRI) since 2010.

Aim: the climate aspects of the Responsible Investment Policy will be strengthened in 2022, particularly through a new update of our climate roadmap. A fossil energy policy is currently being assessed and could be implemented in 2022.

Strategy and governance

Edmond de Rothschild Asset Management (France)'s Responsible Investment strategy is developed with the support of the IR team's expertise. The third RI strategy (2021-2024) is being implemented by investment teams with the help of all support functions. It is being overseen by the Edmond de Rothschild group's Asset Management Executive Committee and co-ordinated by an Asset Management RI Steering Committee. The committee is chaired by the Global CEO Asset Management and its members include managers of the various departments.

They are helping to implement the actions included in the 2021-2024 RI roadmap, which are prioritised within their departments.

For the first time, the strategy for 2021-2024 covers all of the Edmond de Rothschild group's activities managing liquid and real assets. It aims to formalise Edmond de Rothschild's increased commitment to responsible investment and to support the development of responsible investment. In particular, the strategy establishes certain cross-functional targets regarding ESG integration, the climate, training and RI communication, as well as factoring ESG criteria into staff remuneration.

Aim: Governance will be strengthened in 2022 by having the RI Steering Committee report formally to the Global Asset Management Executive Committee and by having the RI Steering Committee meet more frequently. In addition, an in-person ESG training session covering the various governance authorities will be offered and delivered by the RI team and the Group's sustainability department.

ESG analysis and management

Edmond de Rothschild Asset Management (France)'s dedicated RI team is the foundation of the Group's RI expertise. It consists of four experienced specialists, and has more than 50 years of professional experience in this area specifically.

Since 2010, it has been developing a proprietary ESG analysis model called EdR BUILD, which constitutes our core approach. EdR BUILD allows the RI team to express its non-financial convictions, independently of external databases. The resulting method is detailed – including the analysis of more than 40 criteria – and balanced across the three pillars (E, S and G). It includes proprietary indicators. The themes assessed represent essential issues such as climate change, water, biodiversity, safety and security, human development, gender equality, business ethics and responsible governance practices.

EdR BUILD is regularly reviewed and improved, and since 2017 has integrated the 17 United Nations Sustainable Development Goals (SDGs), which are pursued in different ways according to how material they are for each company.

Making use of advances in methodology and based on regulatory changes, we have also been factoring the green taxonomy and physical climate risks into our analysis framework since 2020. We carry out formal SRI analysis of issuers in the form of factsheets that are accessible to all asset managers and analysts.

EdR BUILD now covers around 400 European companies, from small-caps to blue chips, and provides input into research regarding sovereign and private-sector issuers of equities and bonds. It plays a part in determining the overall or partial investment universes of all our equity, fixed-income and diversified SRI funds, by excluding securities with the worst ESG ratings. It is also intended to detect investment opportunities and provides clear signals to asset managers as part of the stock selection process.

In 2021, the RI team analysed the ESG performance of 162 companies (131 in 2020) and took part in 139 meetings with companies on ESG topics (131 in 2020). Edmond de Rothschild Asset Management is expanding its analysis to cover all regions, responding to the growing needs of its equity and credit asset managers.

The team seeks to establish direct contact with companies and also uses a number of external providers of analysis and tools, including Bloomberg, Sustainalytics, ISS, MSCI, Carbon4Finance, Reprisk and Proxinvest. Other data may also be used, such as the Access to Medicine index and Banktrack data. Providers are usually selected following a tender process and used for specific themes: for example, ISS is used for governance, Carbon4Finance for climate data and MSCI for the SDGs.

As regards the investment universe that is not covered in-house, the agreement with extra-financial ratings agency Sustainalytics gives access to ESG analysis covering around 11,000 issuers. In 2021, we added the ESG Gaïa database for European small- and mid-caps, and MSCI databases for fixed-income asset management.

Aim : the ESG and climate databases to which we subscribed in 2021 will be fully deployed for the strategies concerned, and we will continue to pay close attention to any need that may arise for additional data. We are also planning to roll out our proprietary macro-ESG methodology covering OECD and emerging-market countries.

ESG research, along with financial research, is an integral part of all levels of the investment process:

- definition of the investment universe,
- fundamental analysis,
- portfolio-building,
- stock selection.

Portfolio managers have access to sophisticated ESG monitoring tools to help them guide the ESG/climate characteristics of their portfolios.

Highly detailed ESG rating and carbon footprint scorecards for each portfolio have been developed directly within our portfolio management system. An additional daily scorecard provides an ESG attribution for each security. These scorecards are effective ESG monitoring and management tools for asset managers. In particular, asset managers can simulate the impact of a change in the portfolio's ESG profile. They can also more easily prioritise analysis work, determine areas for improvement and see progress made.

SRI fund range

Since 2020, we have rapidly expanded our range of SRI funds. After a comprehensive audit by Ernst & Young, 12 funds have been awarded the French SRI label. They comprise European, emerging-market and international equity funds, bond funds and multi-asset funds.

As well as generalist SRI funds, our range of SRI theme funds address current social issues such as:

- health,
- climate change,
- energy transition,
- technology,
- human capital.

The SRI fund range also has specific ESG key performance indicators. Our SRI funds are jointly managed by a traditional portfolio manager and an SRI specialist, who interact closely with our own SRI specialists. No positions are added to a portfolio without the Responsible Investment team first approving their ESG profile. The impact indicators of our SRI funds are measured relative to each portfolio's benchmark index, and are monitored in the form of key performance indicators (KPIs).

Aim: we aim to strengthen our SRI range by continuing to launch innovative ESG strategies and by converting existing funds.

Assets managed by Edmond de Rothschild Asset Management (France) according to SRI[1] strategies in 2021:

€8,431 million

Or 29% of Edmond de Rothschild Asset Management (France)'s assets under management (26% in 2020)

An increase of 20% in SRI assets (€7,010 million in 2020)

[1] SRI-labelled open-end funds and dedicated funds that explicitly implement SRI strategies and themes.

The Edmond de Rothschild group's Responsible Investment methods

The term Responsible Investment (RI) is applied to all of the Group's investment categories that can be described as socially responsible or sustainable, and the following distinctions are made.

Impact investing

Practice: impact investing consists of investing in companies, often unlisted, that are seeking to add social or environmental value in a measurable way. A single fund may feature several investment strategies. Although impact investing can be achieved most immediately through real assets that meet the requirements of intentionality, additionality and measurability, investors are increasingly interested in the ability of liquid strategies to have an impact on the real economy. We identify and publish the most relevant impact indicators for our SRI funds, including proprietary environmental and social impact indicators. We also analyse impact in terms of positive or negative contribution to the SDGs, and from the climate point of view. We regard measuring a portfolio's alignment with a 2°C trajectory as particularly relevant from this point of view. Impact at portfolio level: systematic impact on all investment decisions, definition of specific impact targets. Impact investing strategies must also show that achieving the established targets would not have been possible without them. The resulting impacts are monitored and measured over time, and are subject to dedicated reporting.

Impact at portfolio level: systematic impact on all investment decisions, definition of improvement targets and of a specific ESG action plan for each investment

Sustainable themes

Practice: This approach consists of investing in the securities of companies that provide solutions to major sustainability issues, such as health, energy transition and economic development in emerging countries, while generating growth opportunities linked to the innovative nature of their business models. Although not impact-investing strategies in the formal sense, they factor in ESG criteria at every stage of the decision-making process, and attainment of ESG criteria is monitored over time. These strategies help produce positive impacts and so contribute to the attainment of the United Nations Sustainable Development Goals. The resulting impacts are monitored and measured over time, and are subject to dedicated reporting.

Impact at portfolio level: systematic impact on all investment decisions, definition of specific impact targets

ESG assets under management

Practice for Edmond de Rothschild Asset Management regarding liquid assets: since 2017, Edmond de Rothschild Asset Management has been adopting and formalising an ESG approach that has gradually been extended to all asset classes concerned and all geographical zones. In 2021, we strengthened it in line with the AMF's SRI approach and the SFDR, adopting a formal "binding ESG integration" approach allowing the classification of all our ESG funds as SFDR Article 8 funds. ESG portfolio managers always include environmental, social and governance factors in their financial analysis. Relevant criteria are formalised within the investment process depending on the specific features of each investment strategy. Asset managers select companies with an appropriate ESG profile in order to put together a portfolio that has a higher ESG rating than its investment universe. The approach also includes the aforementioned exclusion policy.

Impact at portfolio level: systematic impact on the analysis of issuers and on portfolio construction, without resulting in a stock selection approach.

Principal for Edmond de Rothschild Private Equity (France): ESG integration is achieved through practical steps taken throughout the investment process. Firstly, investments are selected rigorously using two filters: the exclusion list common to all Edmond de Rothschild Private Equity strategies and the sustainability risk assessment.

In addition, the main negative impacts as defined in the SFDR are taken into account gradually. Information about those impacts is presented to the Risk Management Committee and the Investment Committee, and so forms an integral part of the investment decision. Sustainability risk is reassessed annually and monitored throughout the investment holding period. The same applies to the main negative impacts when they are taken into account. When a stake is sold, EdRPE aims to ensure that all strategies factor in information about sustainability (risks and the main negative impacts), in order to explain the results of any action taken since the stake was acquired. Funds present their responsible investment approach, which is based on EdRPE's Responsible Investment principles, directly in their legal and marketing documentation.

ESG may be applied in different ways in other types of asset management activities carried out by the Edmond de Rothschild group, such as multi-asset/fund selection, infrastructure debt and real estate. An investment strategy's assets under management are only recognised if the ESG integration approach is formalised and implemented according to the defined methodology.

Principle for Edmond de Rothschild REIM (France): the ESG approach consists of including compliance with non-financial qualitative filters aligned with the requirements of the French SRI label within the investment strategy of the Edmond de Rothschild Immo Premium real-estate fund (OPCI). Those filters cover the environmental, social and governance themes through an evaluation schedule that includes 33 real estate-specific criteria. These characteristics are therefore fully integrated into the investment process and implemented before an investment enters the portfolio, and then throughout the holding period.

Impact at portfolio level: unlike other forms of RI such as positive screening, which involve a performance obligation, ESG involves a best-efforts obligation.

Positive screening and integration strategies

Principle: Positive screening consists of selecting companies for their good environmental, social and governance practices. The Best-in-Class approach favours companies that have the best ratings from the non-financial point of view in each sector. The Best-In-Universe approach used by Edmond de Rothschild Asset Management (France) consists of selecting issuers with the best ESG practices, regardless of their business sector. The Best Efforts approach aims to select issuers that can show an improvement in their ESG practices over time. In line with its conviction-based philosophy, Edmond de Rothschild Asset Management (France) has chosen the Best-in-Universe approach for all of its open-end SRI funds. Shareholder and bondholder engagement aims to influence companies' decisions in order to encourage them to improve their ESG practices, including via an AGM voting policy. Edmond de Rothschild AM (France) has had an engagement strategy since 2010.

Impact at portfolio level: systematic impact on investment decisions and/or the adoption of ESG commitment initiatives that may affect portfolio composition, such as decisions to add to, reduce or sell positions. The selection-based approach leads to a requirement that investments meet minimum ESG standards.

Negative screening

Practice: Edmond de Rothschild Asset Management (France) has adopted a formal exclusion policy for sectors that are least compatible with a sustainability-based approach. The policy, which can be viewed on our website and which applies to all our funds, currently excludes companies involved in making and selling controversial weapons, coal and tobacco. There is also a list of countries that are banned or under surveillance. The Compliance and Internal Control Department validates investments linked to those countries.

Impact at portfolio level: All securities on these negative screening lists are integrated into the in-house Dimension system and give rise to pre-trade restrictions.

Edmond de Rothschild Private Equity (France) has drawn up its own negative screening list covering dangerous activities, sectors and conduct, to which private equity funds or investments are not authorised to have any exposure. However, Edmond de Rothschild Private Equity (France) does not wish to rule out investment opportunities simply because of a company's poor ESG performance at the time of analysis.

Because of private equity's long-term investment approach, the focus is on intentions and efforts to improve each investee's financial but also non-financial performance, by generating positive impacts for the whole of society. Investments are therefore directed to innovation and the green economy, as well as sectors undergoing transition that require support and expertise in implementing more sustainable or low-carbon growth models.

Edmond de Rothschild REIM (France) applies negative screening to exclude companies that contribute to the production of controversial weapons in accordance with relevant international agreements, along with companies exposed to activities related to thermal coal and tobacco in line with the Edmond de Rothschild group's exclusion policy. The investment selection process also systematically includes an ESG rating via an internal rating schedule. The asset management company makes decisions to exclude a company based on a small number of criteria regarded as crucial, which allow the exclusion of assets that are not capable of achieving the targets adopted.

[1] Anti-personnel mines and cluster bombs

As regards ESG integration when selecting funds and external asset managers, the Group improves its process continuously as regulations and industry practices develop.

As regards this multi-manager expertise, comprehensive due diligence questionnaires for all types of funds but also for asset management companies were adopted in 2019 based on a simplified procedure dating from 2016.

Funds are selected for the whole Edmond de Rothschild group (asset management and private banking), covering investments for institutional and private clients. Hedge fund/alternative asset managers are included, with a simplified questionnaire based on the recommendations of AIMA (Alternative Investment Management Association) and the PRIs (Principles for Responsible Investment).

The ESG due diligence questionnaire has two sections covering quantitative and qualitative criteria:

1. A questionnaire assessing the funds' ESG approach

2. A questionnaire assessing asset management companies' position as regards Responsible Investment

The questionnaires are now fully integrated into the fund selection and monitoring process. Since 2016 they have been sent out to all approved traditional funds and since 2019 to all traditional and alternative funds. The questionnaires are sent every two years and every time a new recommendation is made in order to capture changes in ESG practices among funds selected or under consideration, but also to identify the best SRI funds for private banking and asset management mandates. Particular attention is paid to new regulations including SFDR (EU Sustainable Finance Disclosure Regulation 2019/2088) and the AMF Doctrine (Doc 2020-03).

For private clients, sustainability matters are becoming key criteria. Their investment portfolios are becoming significantly more aligned with their personal convictions.

This is reflected by the striking number of SRI managed accounts established in 2021. This integration of social and environmental issues allows investors to target an increasingly broad array of sectors and investment themes.

The Covid-19 crisis has led to social and environmental consequences that are clear for all to see. The positions taken by investors reflect a response to those consequences. Relationship Managers have made major efforts to support our clients and guide their choices via our SRI managed account, and they have been successful, because the number of SRI managed accounts rose 161% in 2021, from 83 to 217.

That sharp increase is also the result of higher natural demand from clients seeking to achieve increasingly specific impact in various areas, such as waste management, alternative energies, education, social equality, public health issues, responsible nutrition and the circular economy.

In addition to their appeal in non-financial terms, our SRI managed accounts deliver good financial returns. As well as addressing the aforementioned areas of impact in a very effective way, they have also been designed in accordance with our ecosystem and aim to address the United Nations Sustainable Development Goals. They are also an effective response to growing demands in our society.

Our next step will be to create an impact managed account, in addition to our generalist SRI managed account, through which we will deal exclusively with certain themes in which we will be able to have an even greater and more measurable positive impact.

The Edmond de Rothschild group is also a leading player in private equity thanks to its teams of experts and long-term partnerships. Its proven track record in structuring funds, defining investment processes and integrating sustainability issues and good governance rules into its strategies ensures that the interests of investors, investment teams and the Edmond de Rothschild group are perfectly aligned.

Edmond de Rothschild Private Equity (EdRPE), consisting of two asset management companies in France and Luxembourg, encourages synergies between teams, strengthens their shared vision and ensures that the various participants' stated objectives are aligned. EdRPE's Responsible Investment policy sets out the general thrust of all investment strategies. The Sustainability Officer and ESG Manager oversees the application of these sustainability integration approaches, and reports to business line management about all key aspects and issues related to integrating sustainability matters within the various strategies.

Sustainability integration, based in particular on defining and assessing material sustainability risks from the earliest stages of investment, allows monitoring to be carried out throughout the lifetime of investments. This approach helps to reduce exposure to risks but also to develop new opportunities and initiatives among investee companies. Each private equity investment strategy is unique and characterised by specific features related to the sector concerned.

Each fund deploys a methodology specific to its strategy in order to take into account sustainability issues. It forms part of one of the three approaches offered by EdRPE:

i. sustainability integration corresponds to the principles set out above in this document in relation to ESG integration,

ii. sustainability commitment mean that funds incorporate practical initiatives into their investment process in order to improve sustainability drivers. Additional indicators may be adopted to measure the results of these initiatives,

iii. impact investing corresponds to the principles set out above in this document in relation to impact investing.

Although all Edmond de Rothschild Private Equity (France) funds factor in sustainability risk, they mainly acquire minority stakes, and so asset managers have little influence on investees' sustainability drivers.

Minority investment funds focus on investment opportunities in which they have obtained sufficient information to assess the target's sustainability performance and ambitions. A company's quality in terms of assessing sustainability risk will be assessed alongside financial considerations.

Those elements are brought to the attention of the risk manager, who will produce specific recommendations, possibly when defining a plan of action. This will help the investee to reduce its sustainability risk exposure. If a target's sustainability rating appears to fall short of Edmond de Rothschild Private Equity (France)'s requirements, the opportunity may be rejected.

Subsequently, during the investment holding period, initiatives may be taken to improve sustainability drivers. Those initiatives are easier to implement if the fund holds a majority stake, which is the case with one of the company's strategies.

Edmond de Rothschild Private Equity (France)'s assets under management at 31 December 2021: €750.1 million, 100% covered by ESG integration

(€433.8 million in 2020)

An increase of 87% in 2021

N.B.: in the Edmond de Rothschild (France) annual report, Edmond de Rothschild Private Equity (France)'s assets under management include those of the ERES II SICAR, ERES II FDCI and ERES III SICAR funds, to which it provides investment advice.

In May 2021, the Edmond de Rothschild Immo Premium fund was awarded the French SRI label. This shows Edmond de Rothschild REIM (France)'s desire to play an active role in combating climate change, while adopting a more robust policy in terms of social and governance criteria.

The investment strategy fully addresses environmental, social and governance aspects according to a "best in progress" approach as regards real-estate investments.

It aims to select then actively manage assets that meet the 33 criteria defined in the internal rating schedule. In addition, using a "best in class" approach as regards financial investments, the investment strategy aims to select listed real-estate companies based on a schedule comprising 17 specific criteria. The results of the strategy are presented in the fund's annual report.

Assets managed by Edmond de Rothschild Asset Management (France) according to SRI strategies in 2021: €174.6 million

FAILURE TO ADDRESS BIODIVERSITY AND CLIMATE ISSUES IN INVESTMENTS

Since 2017, Edmond de Rothschild Asset Management has had a climate roadmap aiming to limit global warming to 2°C in line with the Paris Agreement, via the gradual decarbonisation of portfolios between now and 2050. As part of that strategy, it refers to several existing climate initiatives such as the Montreal Carbon Pledge – of which Edmond de Rothschild Asset Management (France) has been a signatory since 2015 – the CDP (Carbon Disclosure Project), the TCFD's 2017 recommendations aimed at supporting companies with their efforts to take climate risks into account, and the Science Based Targets initiative (SBTi).

Policies

To analyse issuers, the Responsible Investment team has developed a proprietary in-house scoring model, based on the TCFD typology, to quantify the main climate risks and opportunities within economic sectors and sub-sectors.

In practice, this means that in relation to climate risks, the roadmap will not become diluted, remaining focused on a limited number of sectors and issuers, because 90% of climate risks arise from 10% of issuers operating in fewer than 10 economic sectors.

- Our model analyses five levels of risks and opportunities over three time horizons:
- short-term (2020-2024),
- medium-term (2024-2035),
- long-term (until 2050).

Implementing the TCFD typology, we have identified five sectors:

- energy,
- transport,
- building,
- manufacturing,
- agriculture,

and 11 sub-sectors that present a high level of climate risk including five in the short term (2020-2024).

As a result, attention is focused on a limited number of sectors and issuers that present a high level of climate risk, such as coal mining, power generation based on thermal coal, tar sands and Arctic oil and gas, but also airlines and ruminant meat production. At the same time, we have identified eight sectors and 21 sub-sectors that present major climate opportunities, including 13 in the short term.

The Edmond de Rothschild Asset Management (France) climate roadmap prioritises three liquid asset classes: equities, corporate bonds and sovereign bonds. It is entirely consistent with our Responsible Investment philosophy. We are making gradual progress in this area as methodologies improve and as companies provide access to data.

The roadmap is updated every 18-24 months as progress is made on measurement methodologies – particularly as regards scope-3 and avoided CO_2 emissions – as well as access to information and maturity impact analyses, in order to reassess the action taken.

It was updated in 2020 to take account of the climate emergency and the responses of the various economic participants and regulators, including the European Union's green taxonomy. It also takes into account the most recent "sustainable development scenario" of the International Energy Agency (IEA), which is compatible with the Paris Agreement:

https://www.iea.org/reports/world-energy-model/sustainable-development-scenario

Edmond de Rothschild Asset Management is also involved in several initiatives and committees that cover all climate matters at local (FIR), European (EFFAS) and global (ICGN, PRI) level. To make our climate roadmap a reality, we have implemented measurement and oversight tools. Since 2019, almost all open-end funds carry out monthly reporting that features information about their carbon footprint.

A new milestone was reached in 2021 as regards the quantitative measurement of climate risks and opportunities with the formation of a partnership with Carbon4Finance This has strengthened our expertise along with our analysis and reporting capabilities as regards energy transition and climate change.

As a result, a large amount of Carbon4Finance data has been incorporated into our asset management system, allowing us to develop tools to monitor our portfolios' risks and climate alignment.

A set of climate indicators – including carbon footprint, carbon intensity and emissions avoided – is now available for asset managers. There is also an indicator that summarises climate risk and implied temperature trajectory, based on the Carbon4Finance methodology. The indicator is based on real-time data and allows asset managers to simulate the impact of an investment decision.

At the same time, Asset Management's governance and cross-functional co-ordination were strengthened in 2021 by the inclusion of two climate targets in our 2021-2024 IT strategy, including the signature of an acknowledged climate initiative.

Aim: Edmond de Rothschild Asset Management (France) is planning to sign the NZAM (Net Zero Asset Managers Alliance) climate initiative in 2022. As part of this initiative, we would set intermediate targets for reducing the carbon footprint of our portfolios by 2030.

These qualitative and quantitative targets should relate mainly to funds with the largest carbon footprints (energy funds for example) and those whose carbon performance is inferior to that of their benchmark indices.

As regards the negative screening of sectors and activities presenting a high climate risk, our coal exclusion policy has been amended by excluding all participants in the coal industry that increase their capacity.

Aim: A fossil energy policy is currently being drafted and could come into force in 2022. The policy aims to reduce investments gradually in companies that extract oil and gas, initially targeting unconventional oil and gas producers. Our coal exclusion policy could be made more restrictive in 2022.

We are also aware that climate change issues are closely linked with biodiversity protection issues. As a result, in 2022 we have subscribed to the Biodiversity Impact Analytics database of Carbon4Finance, which provides the Global Biodiversity Score (GBS) in particular.

The GBS measures the integrity of ecosystems by connecting a company's economic activity with the pressure it puts on biodiversity and by translating that pressure into biodiversity impact.

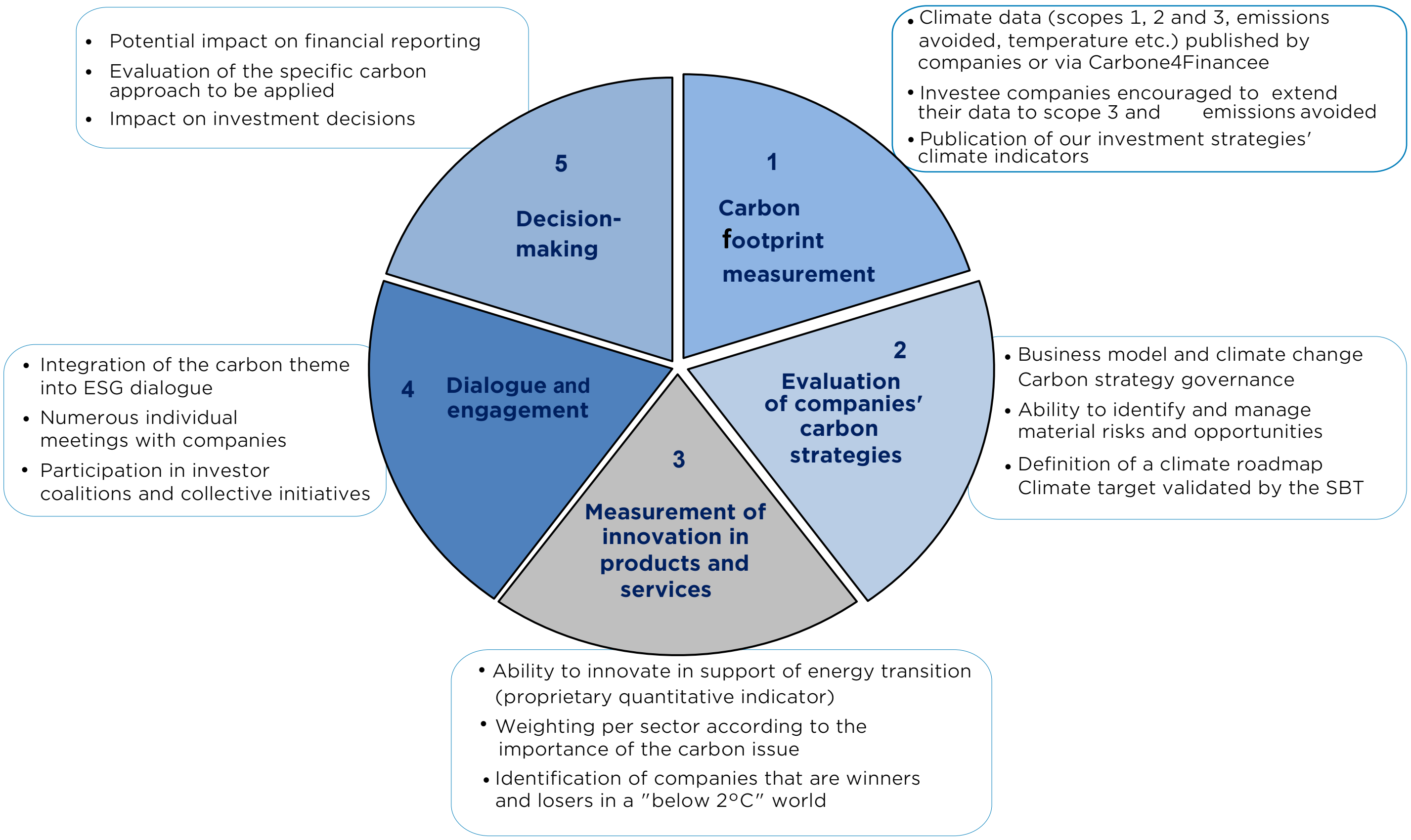
Aim: The data in this database are currently being integrated into our asset management system. They will be available to all asset managers in 2022.

The first product developed using this approach was launched in 2020, consisting of a climate transition fund that implements an investment strategy in line with our climate roadmap and with a portfolio temperature trajectory of less than 2°C.

In late 2021, a second fund – our flagship generalist SRI fund – added a climate target to its asset management strategy. It is already showing a temperature trajectory of less than 2°C and is aligned with the Paris Agreement.

100% of Edmond de Rothschild Asset Management (France)'s open-end funds had measured their carbon footprint at 31 December 2021.

Climate issues: our holistic approach at the portfolio management level



For Edmond de Rothschild Private Equity (France), climate issues are taken into account mainly through the process for integrating the sustainability risk of each investment strategy, adjusted according to its specific features. In addition, in line with the Edmond de Rothschild group's Environmental Policy, Edmond de Rothschild Private Equity has since 2016 been measuring its own carbon footprint to reflect the environmental impact of its operating activities. Edmond de Rothschild Private Equity intends to adopt more precise climate targets 2022, in accordance with the expectations of Article 29 of France's Energy and Climate Act.

At Edmond de Rothschild REIM (France), carbon footprint reduction is fully integrated into the non-financial objectives of the Edmond de Rothschild Immo Premium fund. Accordingly, the energy consumption of portfolio assets are taken into account in the analysis conducted by asset management teams.

By 2050, Edmond de Rothschild REIM (France) intends to make the Edmond de Rothschild Immo Premium fund carbon-neutral, in line with the targets set through the national low-carbon strategy. The SRI commitment made for the Edmond de Rothschild Immo Premium fund also involves key stakeholders (particularly staff members, investors and tenants) in the aim of reducing energy consumption and the carbon footprint.

In 2021, the decision was taken that the Group's other management activities would use the same roadmap as a common foundation, while taking into account the specific features of each business line.

FAILURE TO FULFIL OUR RESPONSIBLE INVESTING COMMITMENTS

Shareholder dialogue is an essential part of Edmond de Rothschild's fiduciary duty and role as a responsible investor. It helps to clarify the Group's expectations, as a responsible investor, regarding resolutions tabled in company AGMs. By engaging with companies, the Group can have a positive influence on specific themes and encourage best practice. This constructive dialogue enables it to support companies in their efforts to achieve transparency and improve performance over the long term.

Policies

The voting policy is available on the Edmond de Rothschild group website. It applies to the entire scope of Edmond de Rothschild Asset Management (France).

In 2020, Edmond de Rothschild Asset Management (France) updated its voting and engagement policy. A Dialogue and Engagement Committee, headed by the CIO Asset Management, was set up to strengthen processes with regard to investees. The pre-existing Voting and Engagement Committee now focuses exclusively on voting.

In 2021, we strengthened our voting policy by reducing the age limit for the roles of Chief Executive Officer and Chair of the Board of Directors. We also introduced a policy of voting against proposals to appoint or renew the term of office of a non-independent director as the chair of a committee, and of opposing proposals to renew the term of office of the chair of a remuneration committee whose diversity score is less than 25%.

Aim: our 2022 voting policy will strengthen the "say on pay" aspect of our voting policy by connecting approval of the remuneration report with the inclusion of transparent and quantifiable non-financial criteria. For companies operating in a high-emissions industry, a criterion related to the climate or carbon emissions should be selected.

Edmond de Rothschild Private Equity (France)'s shareholder engagement policy was updated in 2021.

At Edmond de Rothschild Private Equity (France), shareholder engagement consists mainly of being an active shareholder and attending all meetings where it has a seat on investees' management bodies.

Edmond de Rothschild Private Equity (France) seeks to establish dialogue and engage with companies in four areas:

1. strategy, including in terms of sustainability,
2. operational and financial performance, including ESG performance,
3. governance and composition of the management team,
4. transparency in terms of reporting.

Edmond de Rothschild REIM (France) pays particular attention to the ESG performance of listed real-estate companies held in the portfolio of the Edmond de Rothschild Immo Premium fund. The asset management company's shareholder engagement involves regular monitoring of action taken by issuers on ESG themes and exercising its voting rights in order to uphold the interests of fund unitholders, as well as Edmond de Rothschild REIM (France)'s convictions regarding socially responsible investment.

Edmond de Rothschild Asset Management (France) is also in favour of companies defining carbon neutrality targets aligned with the Paris Agreement, validated by the SBTi and preferably with intermediate targets for the relevant scopes. If the chair of a board of directors does not have a quantifiable target for reducing greenhouse gas emissions, a recommendation will be made to vote against his/her re-election.

Finally, Edmond de Rothschild Asset Management (France) will also support proposals aimed at removing the "glass ceiling" that makes it difficult for women and people from minority backgrounds to reach a certain level of a company's hierarchy.

Edmond de Rothschild Asset Management (France) exercises its voting rights on investments (excluding units in external SICAV funds) in the portfolios it manages where it holds more than 0.01% of the company's capital, irrespective of the nationality of the issuing company, as long as the issuer provides sufficient information and custodians can take the votes into account.

Asset managers are responsible for exercising voting rights. To facilitate voting and ensure that it is consistent with the general SRI approach, Edmond de Rothschild Asset Management (France) has set up an organisation that centralises and co-ordinates all the information needed to exercise the voting rights attached to securities held by the funds it manages.

The principles of that voting policy are consistent with the RI approach adopted by Edmond de Rothschild Asset Management (France) since, aside from fundamental governance-related aspects, they determine in detail the position that Edmond de Rothschild Asset Management (France) will take regarding draft resolutions on environmental and workforce-related matters put to a shareholder vote.

In 2021, there was large-scale voting activity, and Edmond de Rothschild Asset Management (France) took part in 507 AGMs. Edmond de Rothschild Asset Management (France) reports on its voting practices – i.e. its use of voting rights attached to shares held by the funds it manages – through a specific annual report, which is prepared within four months of the end of each year. The report is available on its website.

Edmond de Rothschild Asset Management (France)'s engagement policy focuses on three main aspects: its objectives, its engagement processes and the results of its engagement. Asset managers meet regularly with representatives of investee companies to clarify the Group's expectations as a responsible investor and to assess their ESG rating.

Edmond de Rothschild Asset Management (France)'s engagement approach is the same for both bond and equity investments, aside from matters concerning pre-AGM dialogue and the submission of draft resolutions. It takes the view that engagement is less relevant for money-market investments.

In 2021, we adopted a more structured approach, assigning one or more KPIs and a deadline to our engagement efforts in order to measure progress in terms of dialogue.

Our engagement efforts concerned eight companies, through an individual or collective approach. We also signed up to three collaborative initiatives in the social field (Access to Medicine Foundation, Investor Statement of Expectations for the Nursing Home Sector) and the environmental field (Finance for Biodiversity Pledge).

Aim: in 2022, Edmond de Rothschild Asset Management (France) will carry out at least three engagement initiatives concerning climate-related matters.

507 AGMs in which Edmond de Rothschild Asset Management (France) took part in 2021 (408 in 2020), up 24% year-on-year

Environmental impact

The Edmond de Rothschild group regards its direct environmental impact as a major risk. The Group has carried out rigorous monitoring of its energy consumption, business travel and office waste since 2014. It has carried out carbon audits for its activities in France since 2010, enabling it to monitor the direct impact of its business. Climate risks are taken into account in investment decisions, and those efforts are discussed in the "Responsible Investment" section of this report and in the Group sustainability report.

FAILURE TO COMPLY WITH THE COMMITMENT TO MITIGATE ENVIRONMENTAL IMPACT

The Group has managed the climate impact of Edmond de Rothschild (France)'s activities since 2010 by carrying out carbon audits. This exercise enables us to monitor, assess and control our impact on the environment. The detailed calculation of our CO_2 emissions helps us to adopt targeted, practical initiatives to limit that impact. Edmond de Rothschild (France)'s carbon footprint is continuing to fall gradually. We maintained our improvement targets and monitoring work in 2021.

Policies

Although the consequences of Edmond de Rothschild's activities on the environment are not a major material issue, it is an important social theme that the Group is committed to addressing.

It does so in two ways:

- managing CO_2 emissions in a responsible way,
- offsetting emissions through projects that have an impact on the real economy.

These methods, along with the environmental principles that guide the Group's actions, are developed in its Environmental Policy. That policy was adopted in 2015 in order to formalise and measure its impact and improve its performance in this area. It applies to all entities and details the Group's main targets in terms of limiting its impact.

The policy was updated in 2021 following an analysis of new sustainability priorities and targets that the Group identified for the 2021-2024 period.

It will be reviewed by the Group Executive Committee in 2022 and published on the Group website after it has been validated.

Edmond de Rothschild (France) has adopted a further target for 2022 in relation to managing indicators that have the greatest environmental impact.

The Group's General Resources department works with all Group entities to develop projects and make changes that contribute to ongoing improvements in environmental performance and reductions in environmental impact. The expertise and commitment of the Group's teams ensure coherent management and have led to a continuous decline in the carbon footprint of our activities.

The priorities in terms of managing environmental impact are:

- monitoring movements in indicators,
- maintaining pragmatic initiatives,
- constantly improving business practices,
- overseeing internal usage.

The Group's environmental management system, described in the Environmental Policy, addresses the priorities that arose from the 2021 review of the Group's material issues.

The sharp declines seen since 2020 are due in particular to the coronavirus pandemic, which led to several lockdowns in France in 2020 and 2021.

17% reduction in CO_2 emissions in 2021

(809 tonnes of CO_2 equivalent versus 971 in 2020)

The decline is also the result of:

- reduced business travel using company cars (406,000 km versus 554,000 km in 2020),

- the change in ADEME's calculation method regarding air travel,

- reduced paper consumption (19.8 tonnes versus 30.3 tonnes in 2020),

- lower levels of paper, aluminium and plastic waste.

Since 2016, the Group has offset CO_2 emissions arising from its activities through an insetting project.

The project consists of offsetting emissions within its own value chain. It was initiated in partnership with Edmond de Rothschild Private Equity in order to integrate the Group's social and environmental commitments into the offsetting programme. Since the start of the project, more than 48,000 trees have been planted and more than 12,000 tonnes of CO_2 equivalent have been offset.

The Edmond de Rothschild group also set up a Responsible Purchasing Policy in 2016 in order to address social issues in its value chain and contribute to the Group's overall performance.

The policy aims to:

- monitor the practices of suppliers and subcontractors in terms of sustainability,
- raise awareness among staff members involved in the purchasing process so that they take into account the social and environmental impacts of the products and services they select.

The policy has been co-signed by the Group's suppliers, underpinning their commitment to issues relating to human rights, the environment and business ethics.

FAILURE TO USE RESOURCES IN A SUSTAINABLE MANNER

Edmond de Rothschild (France) has taken major steps in recent years to ensure that waste is managed and inputs are consumed in a responsible and considered way. The Covid-19 crisis and the difficult conditions arising from it has affected paper consumption and office waste levels in particular.

Policies

The Group's Environmental Policy sets out continuous improvement targets for reducing waste and managing paper consumption. Performance in these two areas is measured in detail and published in the carbon audit.

Results collected since 2014 have been analysed. They show a constant decline, but these areas are still regarded as priorities. Remote working, which has been widely used since March 2020, has also pushed indicators lower. However, it remains essential to monitor them in order to improve results.

The validation and publication of the Environmental Policy in 2022 will take this new working environment into account and will detail the priorities validated by the Group's Executive Committee.

For 2022, Edmond de Rothschild (France) is committed to reducing consumption of paper that is not 100% recycled or FSC/PEFC-certified.

Waste management is difficult to monitor in the services sector, because the cost is often included in the charges levied by the buildings or districts in which entities operate. However, the Edmond de Rothschild group has decided to monitor this indicator and more specifically the percentage of staff members who have access to a recycling system. Paper waste, which is Group's the main source of waste, is monitored and measured each year.

Edmond de Rothschild (France) has a recycling system for paper, aluminium, glass and plastic. IT waste has a major environmental impact. It is therefore processed by IT teams and recycled by specialist companies. Ink cartridges are also recycled.

All Group entities monitor their paper consumption and the related figures are published in the Group's annual sustainability report. The Group's General Resources teams make constant efforts regarding the use and sustainable management of resources.

35% reduction in Edmond de Rothschild (France)'s paper consumption in 2021 (19.8 tonnes versus 30.4 in 2020)

FAILURE TO TAKE INTO ACCOUNT CLIMATE CHANGE

The fight against climate change concerns all of the Group's business activities. Climate change is taken into account in various ways, including through the deployment of the climate roadmap for investments, the gradual decarbonisation of portfolios and the introduction of climate change risk management tools. Carbon emissions arising from our own activities are also rigorously monitored. Improving performance in this area and reducing consumption are priorities for the Edmond de Rothschild group.

Policies

Edmond de Rothschild (France)'s Environmental Policy addresses this priority and the targets set in agreement with the Group's Executive Committee.

It also covers risks related to the protection of biodiversity, a theme that is directly connected with the environmental impact of human activities. The decline in global biodiversity and the natural balance of all resources are subjects that are important to the Group.

Targets set in 2021 are aligned with the 2015-2020 targets in order to maintain priorities and ensure consistency in long-term initiatives.

Energy consumption accounted for 59% of the Group's main CO_2 emissions in 2021 and business travel 39%.

1.4% increase in total energy consumption in 2021

(4,473 MWh versus 4,413 MWh in 2020)

In 2021, Edmond de Rothschild (France) updated its employer mobility plan (PDME) in order to continue improving staff members' journeys when commuting or on business trips. It looked at:

- the places where staff members live,
- accessibility,
- current and planned travel arrangements,
- the plan of action.

The results of the PDME have been positive overall, with a notable increase in cycling, no new diesel vehicles and a reduction in the car fleet. These developments have also come in the context of the Covid-19 crisis, which has encouraged people to cycle instead of using other transport methods, particularly public transport.

The new plan of action will continue these developments in order to embed changes over the long term.

Edmond de Rothschild (France)'s commitment to protecting biodiversity continued in 2021. The Bank still has two insect hotels,

which act as places for species like mason bees to lay eggs, but also have dedicated chambers that house auxiliary insects, helping species to reproduce.

A large number of nesting boxes and feeders are also still in place around Edmond de Rothschild (France)'s buildings. The beehives on the bank's roof in Paris produced 30kg of honey in 2021, despite very poor weather conditions in the spring. The honey was given to Edmond de Rothschild Heritage, which put it in jars and sold it.

Data reporting and validation methods

Reporting scope

This SNFP covers all the activities of Edmond de Rothschild (France), not including its subsidiaries and branches outside France. That scope represents 95% of Edmond de Rothschild (France)'s workforce.

Reporting organisation

The collection of indicators is organised by the Edmond de Rothschild group's sustainability department. It is supported by the network of experts in France, who contribute the data. The sustainability department is the main contact for external auditors.

Selection of indicators

In order to monitor the performance of its sustainability commitments since 2011, Edmond de Rothschild (France) has identified the most relevant key performance indicators pertaining to its business dealings, influence and identified main risks.

Organisation, resources and monitoring

Specific tools and procedures, including the definition of each indicator and its calculation methodology, are used:

- workforce-related indicators are collected and consolidated via the Human Resources Department,
- data regarding the Bank's wider sustainability commitments, including information concerning the Bank's Responsible Investment activities, are aggregated using information submitted by the appropriate entities,
- environmental data are consolidated in the carbon audit produced each year by the General Resources Department.

Key performance indicators are monitored and validated at three levels: firstly at the operational level within the entity itself, then by the Sustainability Department and finally by the departments directly concerned by the various subjects. Discrepancies are analysed with the data contributors.

The purpose of this approach is to guarantee that reported information is genuine and consistent over time.

Published key indicators

	Published performance indicators	**Pages**
Ethics and governance	% of Edmond de Rothschild (France)'s Supervisory Board members who are independent and women	p.44
	Number of subcontractors that have included GDPR clauses in their contracts with Edmond de Rothschild (France)	p.46
	Number of incidents requiring notification to the relevant authority.	p.46
	Number of unethical behaviour alerts raised during the year	p.48
Human engagement	% of workforce on unlimited-term contracts	p.49
	Proportion of staff members who attended at least one training course during the year	p. 50
	Proportion of staff members who took part in an annual performance review	p. 51
	Number of employees promoted to internal vacant positions during the year	p. 51
	Proportion of women among total management-level employees in France	p. 52
	Gender balance index score	p. 52
Responsible investing	Total assets managed according to SRI strategies / % of the assets management total in France	p. 56
	% of open-end funds covered by a carbon footprint analysis	p. 63
	Number of AGMs in which Edmond de Rothschild Asset Management (France) participated	p. 66
Environmental impact	% change in CO_2 emissions in 2021 according to the carbon audit results	p. 67
	% change in paper consumption in 2010	p. 68
	% change in total energy consumption in 2021	p. 69

5.1.3.7 Information on the Taxonomy Regulation (Regulation (EU) 2020/852)

Regulation (EU) 2020/852 of 18 June 2020, known as the Taxonomy Regulation, establishes criteria for determining whether an economic activity qualifies as environmentally sustainable. According to the regulation, the following constitute environmental objectives:

1. climate change adaptation,
2. climate change mitigation,
3. the sustainable use and protection of water and marine resources,
4. the transition to a circular economy,
5. pollution prevention and control,
6. the protection and restoration of biodiversity and ecosystems.

Commission Delegated Regulation (EU) 2021/2178, which relates to Article 8 of the Taxonomy Regulation and was published in the Official Journal on 10 December 2021, defines the content and presentation of information about sustainable investments for companies concerned.

Commission Delegated Regulation (EU) 2021/2139, published in the Official Journal on 9 December 2021, specifies the technical screening criteria for determining sustainable activities in view of the first two environmental objectives.

A delegated regulation relating to the four environmental objectives is expected in 2022. According to the information currently available and assuming that the application timetable is complied with, obligations relating to the four environmental objectives will be apply from 1 January 2024.

An economic activity qualifies as environmentally sustainable or aligned within the meaning of the Taxonomy Regulation where it:

- is eligible, i.e. explicitly mentioned in the delegated regulations supplementing the Taxonomy Regulation,
- contributes substantially to one or more of the environmental objectives,
- does not significantly harm any of the environmental objectives,
- is carried out in compliance with certain minimum safeguards,
- complies with the technical criteria of the delegated regulations supplementing the Taxonomy Regulation.

The regulation is coming into force gradually:

- Between 1 January 2022 and 31 December 2023, the Group must disclose the following as a proportion of its total assets:
    - exposures to taxonomy-eligible and non-eligible economic activities,
    - exposures to sovereign counterparties,
    - exposures to companies not subject to the NFRD,
    - derivatives,
    - the trading book and on-demand interbank loans.

  Comparative information is not required in these first two years.

From 1 January 2024, the Group must also publish information about the proportion of aligned assets.

In accordance with information provided by the European Commission via its various FAQs, disclosures for regulatory reporting purposes must be based on actual data provided by underlying financial and non-financial counterparties. The use of estimates is not permitted.

The first set of information disclosed by Edmond de Rothschild (France) is as follow

	Valeur comptable brute	*Eligible*	*Non-éligible*	*Non affecté*	Ratio sur le total des actifs
Actifs inclus au numérateur et au dénominateur					
Entreprises non financières assujetties à la NFRD	550 332 937			550 332 937	
Ménages	855 069 398	128 952 448	726 116 950		
Financement d'administrations locales	-				
Autres actifs uniquement inclus au dénominateur					
Expositions sur des entreprises non assujetties à la NFRD	209 444 665				**4.5%**
Prêts interbancaires à vue	43 187 000				**0.9%**
Trésorerie et équivalents de trésorerie	20 447 000				**0.4%**
Autres actifs	327 156 000				7.0%
Total des actifs inclus au dénominateur (total actifs GAR)	**2 005 637 000**				**43.0%**
Souverains	4 813 000				**0.1%**
Banques centrales	2 629 542 000				**56.3%**
Portefeuille de négociation	27 576 000				**0.6%**
Total des actifs exclus du numérateur et du dénominateur	**2 661 931 000**				**57.0%**
Total Actif	**4 667 568 000**				
Part dans le total des actifs GAR		**6.4%**	**36.2%**	**27.4%**	
Part dans le total des actifs		**2.8%**	**15.6%**	**11.8%**	

This first quantitative assessment regarding eligible activities was carried out on the basis of European texts and draft texts available at the time this annual report was written.

Total reported assets correspond to those stated in Edmond de Rothschild (France)'s FINREP prudential financial statements at 31 December 2021.

The Bank's total assets for the purposes of the GAR (Green Asset Ratio) are made up of the following:

- ✓ Exposures to companies not subject to the NFRD, mainly:
  - investments in equity-accounted companies with fewer than 500 employees (Monaco and Elyan),
  - financial assets at fair value through profit and loss, particularly unlisted private equity funds,
  - investments in non-consolidated companies,
  - loans to non-NFRD companies,
- ✓ on-demand interbank loans,
- ✓ cash and cash equivalents,
- ✓ property, plant and equipment and intangible assets,
- ✓ goodwill,
- ✓ accruals.

Excluded assets are as follows:

- ✓ sovereign bonds,
- ✓ surplus cash deposited with the Banque de France,
- ✓ the trading book, in this case consisting of derivatives.

At 31 December 2021, assets regarded as eligible were residential mortgages granted to private individuals, representing 6.4% of total GAR assets.

Non-eligible assets amounted to 36.2% of total GAR assets, and consisted of cash advances and overdrafts granted to private individuals.

Unallocated assets, representing 27.4% of total GAR assets, comprise assets in respect of which the Bank could not identify any correspondence with or contribution to the purposes of the Taxonomy based on information available on the consolidation date of the 2021 financial statements. They consist of cash advances, residential mortgages and overdrafts granted to non-financial companies, which are being subject to additional analysis in 2022.

Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated declaration of extra-financial performance in the Group's management report

Year ended 31 December 2021

To the Edmond de Rothschild (France) annual general meeting,

In our capacity as Statutory Auditor of your company Edmond de Rothschild (France) (hereinafter the "entity") appointed as an independent third party and accredited by Cofrac (accreditation Cofrac Inspection no. 3-1060, the scope of which is available at www.cofrac.fr), we have carried out work with the aim of formulating a reasoned opinion expressing a limited assurance conclusion on the historical information (ascertained or extrapolated) in the consolidated statement of non-financial performance (hereinafter respectively the "Information" and the "Statement"), prepared according to the entity's procedures (hereinafter the "Guidelines"), for the financial year ended 31 december 2021 presented in the Group's management report in accordance with Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used framework or established practice on which to base the assessment and measurement of information allows for the use of different, but acceptable, measurement techniques that may affect comparability between entities and over time. Accordingly, the information should be read and understood with reference to the Reporting Criteria, the relevant elements of which are available on request from the company's head office.

Limitations inherent in the preparation of information

Information may be subject to uncertainty inherent in the state of scientific or economic knowledge and the quality of external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates made in preparing it and presented in the Statement.

The entity's responsibility

It is the responsibility of the Executive Board:

- to select or establish appropriate criteria for preparing the Information,
- to prepare a Statement pursuant to legal and regulatory requirements, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators and as the case may be information provided for by Article 8 of Regulation (EU) 2020/852 (green taxonomy),
- and to set up the internal controls it deems necessary for preparing Information that does not contain any material misstatements, whether due to fraud or error.

The Statement has been prepared according to the entity's Guidelines as mentioned above.

Regulatory provisions and applicable professional guidance

Our work described below was carried out in accordance with Articles A. 225-1 et seq. of the French Commercial Code, with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, and with ISAE 3000 (revised) "Assurance engagements other than audits or reviews of historical financial information".

Independence and quality control

Our independence is defined by article L. 822-11-3 of the French Commercial Code and the code of ethics of the statutory auditors' profession. In addition, we have implemented a system of quality control including documented policies and procedures aiming to ensure compliance with the applicable legal and regulatory requirements, ethical rules and the CNCC's professional guidance relating to this work.

Responsibility of the Statutory Auditor appointed as independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of Article R. 225-105 of the French Commercial Code,
- the fairness of the information provided in accordance with Article 225-105(I)(3) and (II) of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

Since it is our task to form an independent conclusion on the Information as prepared by management, we are not allowed to be involved in preparing the Information, since this could compromise our independence.

It is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions (in particular with regard to the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the fight against corruption and tax evasion,
- the fairness of information provided for by Article 8 of Regulation (EU) 2020/852 (green taxonomy),
- the compliance of products and services with the applicable regulations.

Nature and scope of the work

In planning and carrying out our work, we took into account the risk of material misstatements in the Information.

We believe that the work we carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion:

- we familiarised ourselves with all the consolidated entities' activities and the description of the main risks,
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate,
- we verified that the Statement covers each category of information provided for in III of Article L.225-102 1 on social and environmental matters, as well as on the fight against corruption and tax evasion,
- we verified that the Statement provides the information required under article R. 225-105(II) where relevant with respect to the main risks,
- we verified that the Statement presents the business model and a description of the principal risks associated with all the consolidated entities' activities including, where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators relating to the main risks,
- we consulted documentary sources and conducted interviews to:

- assess the process of selecting and validating the main risks and the consistency of results, including the key performance indicators, with the main risks and policies presented, and

- corroborate the qualitative information (actions and results) that we considered the most important, presented in an appendix. For certain risks – i.e. "failure to comply with responsibility commitments in a way that could affect the Group's reputation", "failure to comply with legislation and to take into account cybercrime" and "failure to comply with business ethics rules on matters such as bribery and tax avoidance", our work was carried out at the level of the consolidating entity; for other risks, our work was carried out at the level of the consolidating entity and a selection of entities Edmond de Rothschild (France).

- we verified that the Statement covers the scope of consolidation, i.e., all entities included in the scope of consolidation in accordance with article L. 233-16;
- we familiarised ourselves with the internal control and risk management procedures put in place by the entity and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important, set out in an appendix, we implemented:

- analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;

- substantive tests, using sampling techniques or other selection methods, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities, i.e. Edmond de Rothschild (France) and covers 100% of the consolidated data selected for these tests;

- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

- the procedures used as part of a limited assurance assignment are less extensive than those required in a reasonable assurance assignment carried out in accordance with the professional guidance of the CNCC; a higher level of assurance would have required more extensive verification work.

Means and resources

Our work was carried out by a team of 4 people between November 2021 and march 2022, and took a total of 3 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted 15 interviews with people responsible for preparing the Statement, representing the SRI departments in particular.

Conclusion

Based on the procedures we implemented, as described in the "Nature and scope of the work" section above, and on the information we collected, nothing has come to our attention that causes us to believe that the consolidated statement of non-financial performance is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, 22 April 2022

One of the Statutory Auditors
PricewaterhouseCoopers Audit

Philippe Chevalier	**Pascal Baranger**
Partner	**Sustainable Development Director**

Appendix: List of information that we considered the most important

Key performance indicators and other quantitative results:

- Percentage of Supervisory Board members who are women
- Percentage of Edmond de Rothschild (France) employees who have taken the GDPR e-learning course
- Number of people on work-study and/or professional development programmes in 2021
- Number of young people hired after an apprenticeship or internship
- Percentage of disabled people in the workforce
- Number of French SRI funds and percentage of open-end funds managed using the ESG integration approach
- Reduction in business travel using company cars
- Reduction in paper consumption
- Percentage of Edmond de Rothschild (France)'s Supervisory Board members who were independent at 31 December 2021
- Percentage of subcontractors that have included GDPR clauses in their contracts with Edmond de Rothschild (France)
- Number of incidents requiring notification to the relevant authority
- Percentage of staff members attending at least one Ethics and Compliance-related training session in 2021
- Percentage of training sessions dealing with Ethics and Compliance in 2021
- Number of criminal convictions or corruption-related penalties
- Percentage of Edmond de Rothschild (France)'s workforce on unlimited-term contracts at 31 December 2021
- Percentage of staff members in France took at least one training course in 2021
- Percentage of employees who took part in an annual performance review in 2021
- Number of employees promoted to internal vacant positions during 2021
- Gender balance index and percentage of executives at Edmond de Rothschild who are women
- Liquid assets managed by EdRAM (France) according to SRI strategies in 2021
- Assets managed by EdRPE (France) in 2021 according to an ESG integration approach
- Assets managed by EdR REIM (France) according to SRI strategies in 2021
- Percentage of Edmond de Rothschild Asset Management (France)'s open-end funds that have measured their carbon footprint
- Number of AGMs in which Edmond de Rothschild (France) took part in 2021
- Percentage of equity investees
- Percentage reduction in CO_2 emissions in 2021
- Percentage reduction in Edmond de Rothschild (France)'s paper consumption in 2021
- Percentage reduction in total energy consumption in 2021

Qualitative information (actions and results)

- Group Social Responsibility Policy
- Supervisory Board's internal rules
- Group Directive on the prevention of market abuse
- Procedure for reporting incidents to CNIL and employee whistleblowing procedure
- Whistleblowing systems and prevention procedures
- Group Social Engagement Charter
- "Professional Future" committee
- Training programmes relating to fire risks and first aid
- Responsible Investment Policy
- Action taken as part of the 2021-2024 RI Roadmap
- Labelling of the Edmond de Rothschild Immo Premium fund
- Edmond de Rothschild Asset Management (France) Climate Roadmap
- Partnership with Carbon4Finance
- Strengthening of the voting policy by reducing the age limit for the roles of Chief Executive Officer and Chair of the Board of Directors
- Introduction of a policy to vote against proposals to appoint or renew the term of office of a non-independent director as the chair of a committee, and to oppose proposals to renew the term of office of the chair of a remuneration committee whose diversity score is less than 25%
- Involvement in three collaborative initiatives in the social and environmental areas
- Update of Edmond de Rothschild Private Equity (France)'s shareholder engagement policy in 2021
- Update of the Group environmental policy in 2021
- Responsible Purchasing Policy
- Recycling system for paper, aluminium, glass and plastic, processing of IT waste
- Edmond de Rothschild (France)'s commitment to protecting biodiversity

Report of the Supervisory Board on Corporate Governance

(Report prepared pursuant to Article L. 225-68 of the French Commercial Code)

Pursuant to the provisions of Article L. 225-68, the aim of this report is to present the composition of the Supervisory Board, how the principle of balanced gender representation is applied, the preparation and organisation of the Supervisory Board's work, and the Supervisory Board's observations on the report of the Executive Board and the financial statements for the year ended 31 December 2021.

This report was approved at the Supervisory Board meeting on 9 March 2022.

REFERENCE CORPORATE GOVERNANCE CODE

The Company does not formally refer to a specific corporate governance code.

STRUCTURE, COMPOSITION AND OPERATING PROCEDURES OF THE GOVERNANCE FRAMEWORK AT EDMOND DE ROTHSCHILD (FRANCE)

Presentation of the governance framework

Edmond de Rothschild (France) is a public limited company (*société anonyme*) governed by a Supervisory Board and an Executive Board. In this two-tier governance structure, the executive function of the Executive Board is clearly separated from the oversight and management control function of the Supervisory Board.

Members of the governance bodies

SUPERVISORY B OARD

Chair

Benjamin de Rothschild (until 15 January 2021)

Ariane de Rothschild (since 3 February 2021)

Vice-Chair

Ariane de Rothschild (until 3 February 2021)

Jean Laurent-Bellue (since 3 February 2021)

Members

Louis-Roch Burgard

Philippe Cieutat (since 29 October 2021)

Jacques Ehrmann

Véronique Morali

François Pauly (since 27 August 2021)

Sabine Rabald (since 10 March 2021)

Vincent Taupin (until 4 June 2021)

Cynthia Tobiano

Christian Varin

Josepha Wohnrau

Company Secretary

Nicolas Giscard d'Estaing (until 14 October 2021)

Nicolas Halphen (since 14 October 2021)

EXECUTIVE BOARD

Chairman

Renzo Evangelista

Member and Chief Executive Officer

Philippe Cieutat (until 1 October 2021)

Fabrice Coille (since 1 October 2021)

Member and Company Secretary

Nicolas Giscard (since 1 October 2021)

STATUTORY AUDITORS

Principal Statutory Auditors

Grant Thornton Audit (previously known as Cabinet Didier Kling & Associés)

PricewaterhouseCoopers Audit

REPRESENTATIVES OF THE SOCIAL AND ECONOMIC COMMITTEE

Alain Tordjman

Florent Goulet

Collective decision-making by the Executive Board

At 31 December 2021, the Executive Board had three members with collective responsibility for the Company's management. The membership of the Executive Board was modified following the appointment of Philippe Cieutat as the Group's Chief Financial Officer and his subsequent resignation from his duties as a member of the Company's Executive Board. As a result, Fabrice Coille, also appointed Chief Executive Officer, and Nicolas Giscard d'Estaing, also appointed as Company Secretary, joined the Executive Board to sit alongside Renzo Evangelista, Chairman of the Executive Board, with effect from 1 October 2021.

All the Executive Board members are effective managers and are declared as such to the ACPR (French Prudential Supervision and Resolution Authority). In accordance with the law and the Company's Articles of Association, the Executive Board must report on its stewardship to the Supervisory Board no fewer than four times per year, or more frequently when so required by particular circumstances.

The Executive Board's structure and the balance of powers between its members were reviewed by the Supervisory Board on 13 September 2021.

The Executive Board meets whenever the Company's interests so require, and at least on a weekly basis

The committees with management responsibilities for the Bank are as follows:

- the Executive Board, which has overall responsibility for the conduct of the Company's affairs, meets on a weekly basis,
- the Operations Committee, which coordinates support functions and cross-divisional projects between the various Edmond de Rothschild (France) entities, meets on a monthly basis
- the Management Committee, which coordinates the Edmond de Rothschild (France) divisions and support functions, meets every month

In addition, the Bank has a number of committees overseeing specific functions (Lending, Finance, Complaints, Litigation, etc.) made up of members of the senior management team and the main department managers.

A Supervisory Board providing rigorously structured oversight

Remit of the Supervisory Board

The Board exercises permanent control of the Executive Board's stewardship of the Company. Its role is to make sure on shareholders' behalf that the business is managed as effectively as possible. It helps to promote the Company's values, including ensuring that the conduct of the Company's and Group's activities are conducted to the highest ethical standards in order to maintain the reputation of the Bank and that of the entire Edmond de Rothschild Group. The Chairman of the Supervisory Board organises and directs the Board's work and has a specific responsibility for ensuring that Supervisory Board members are able to fulfil their duties.

Pursuant to Article 17 of the Articles of Association, the Executive Board has to consult with and obtain the prior consent of the Supervisory Board for all the following transactions:

- any acquisitions of investments, in any form whatsoever
- the sale or discontinuation in any form, including by means of the winding-up or liquidation of a company, of all or part of an investment
- any purchase and any sale of property holdings by nature
- any bond issue
- any collateral granted to guarantee commitments given by the Company itself

The Board also has the power to:

- appoint its Chairman and its Vice-Chairman
- appoint the members of the Company's Executive Board, after confirming they are fit-and-proper persons, they do not have any conflicts of interest, they possess sufficient time to perform their duties and they comply with the rules on the number of corporate offices that may be held concurrently, to give the Company's management team the broadest possible range of skills and expertise, and establish a selection process guaranteeing at least one person of each gender among candidates so that the Executive Board can achieve a balanced composition in terms of the number of men and women,
- set the remuneration of Executive Board members when it does not take the form of a salary
- choose a Chairman from among the Executive Board members it has appointed
- decide on the allocation of duties within the Executive Board based on their individual experience, expertise and skills
- regularly review the strategic direction of the Company and the Group formed of the Company and the entities it consolidates in its financial statements (the Group), its investment, divestment and internal restructuring plans, the Group's general human resources policy, including its employee remuneration, profit-sharing and incentive policy
- ensure the accuracy and fair presentation of the parent company and consolidated financial statements
- consider the acquisitions and sales of investments or assets, partnership, alliance and/or cooperation agreements, and, generally speaking, any transaction or any commitment liable to have a material impact on the Group's financial position or operations
- keep shareholders properly informed, including about the controls it performs on the information provided by the Group
- ensure that the Company has procedures in place identifying, evaluating and monitoring its commitments and risks, including off-balance sheet, and appropriate internal control

It is kept informed by its Chairman and its committees of any significant events concerning business trends, the financial and cash position of the Company and the Group.

Operating procedures of the Supervisory Board

At 31 December 2021, the Supervisory Board had 11 members, of whom 45% are women. The Supervisory Board is now chaired by Baroness Ariane de Rothschild following the sudden passing of Baron Benjamin de Rothschild on 15 January 2021. The Board appointed Jean Laurent-Bellue to replace Baroness Ariane de Rothschild as Vice-Chair of the Supervisory Board. Four Supervisory Board members are well-known figures from outside the Edmond de Rothschild Group. All of them qualify as independent members based on the criteria adopted by the Supervisory Board on 24 November 2017.

In addition, since Edmond de Rothschild (France) acts as custodian on behalf of its asset management companies, it also has to comply with the requirements of Directive 2014/91/EU, the so-called UCITS V

Directive, concerning the independence of management companies from custodians belonging to the same group. In this respect, the Autorité des Marchés Financiers (AMF), acting under the authority of the ACPR, confirmed that at least two of the Supervisory Board members of Edmond de Rothschild (France) meet the independence criteria laid down in said Directive, thereby satisfying its obligations.

Supervisory Board members are appointed by the Ordinary General Meeting of the Shareholders for a term of three years.

Since 2020, the Company has had to comply with the requirements of Article L. 225-18-1 of the French Commercial Code concerning the relative proportion of men and women among the Supervisory Board members. Its membership meets the stated requirements, as 45% of its members are women and 55% are men. Edmond de Rothschild (France) is ever mindful of its responsibilities to its workforce and society at large and aims to foster diversity at every level of its organisation, especially among its Supervisory Board members. Accordingly, it makes sure that criteria related to skills and expertise, professional experience, age and gender are applied strictly in the selection process for Supervisory Board members in order to create the requisite diversity.

The Supervisory Board has its own rules of procedure (updated most recently on 9 December 2020), which are given to its members in a formal process and are always to hand in the secure document sharing app to which only they have access. The rules of procedure state the role of the Supervisory Board, its operating procedures, the rules and obligations incumbent on its members, including to act as a fit-and-proper person, to apply their skills and expertise, to devote sufficient time and attention, to exercise independent judgement, to hold no more than the permitted number of corporate offices concurrently, to maintain confidentiality and to avoid conflicts of interest. The Supervisory Board evaluates its operating procedures once a year. To this end, the Supervisory Board decided to conduct an annual self-assessment at its meeting on 24 November 2017 and amended its rules of procedure accordingly. The rules of procedure also state the resources available to members, and lay down the remit, role and operating procedures for the Supervisory Board's three Committees, namely the Audit Committee, the Risk Committee and the Remuneration Committee.

The remuneration paid to Supervisory Board members is allocated pursuant to Article L. 225-83 of the French Commercial Code based on rules set by the Supervisory Board, of which one criterion is actual attendance at meetings.

The schedule of Supervisory Board meetings for a given year is set in the final quarter of the preceding year. The four annual meetings usually take place in March, May, August and December. Additional meetings are held whenever events so require.

In 2021, the Supervisory Board met on:

- 3 February
- 10 March
- 5 May
- 27 August
- 13 September
- 14 October
- 8 December

In 2021, members' attendance rate at Supervisory Board meetings was 91.11%. Supervisory Board meetings are generally scheduled to start at 10am and end at approximately 1pm.

Supervisory Board members are convened to meetings with at least one week's notice by e-mail. They receive the full pack of papers for the meeting a reasonable time in advance by means of a secure IT application tailored to the work of the Supervisory Board and its Committees.

Executive Board members are invited to attend Supervisory Board meetings. The Statutory Auditors are asked to attend Supervisory Board meetings at which the financial statements are reviewed, and generally speaking, they may also be called to a Supervisory Board meeting whenever it is deemed useful for them to attend.

The Supervisory Board members receive notice of and may attend the Ordinary General Meeting of the Shareholders.

Members appointed by the Social and Economic Committee are invited to attend meetings of the Supervisory Board and the Ordinary General Meeting of the Shareholders.

Work performed by the Supervisory Board

As a matter of course, the papers given to Supervisory Board members include the following documents: the draft minutes of the previous Supervisory Board meeting; a presentation of the business trends and the financial results of Edmond de Rothschild (France) over the period since the previous meeting; commentary on each division's business trends and results; a summary of dealings with the regulator; and a list of significant client loans with details of any collateral held. The Chairman of the Audit Committee provides an update on the Committee's work concerning its controls on the quality of accounting and financial information, and the Chairman of the Risk Committee provides an update on periodic control, compliance, permanent control and risk control. The papers given to Supervisory Board members for the March meeting include the parent company and consolidated financial statements, plus the report on internal control and on risk measurement and monitoring, prepared pursuant to the government decree dated 3 November 2014 concerning internal control, as amended by several decrees, the most recent of which was dated 28 July 2021. The papers given to Supervisory Board members for the August meeting include the audited interim financial statements. The Supervisory Board members may request from the Executive Board any additional information required for the performance of their duties. Such information should be provided to them as swiftly as possible.

List of offices held by members of the Executive Board and Supervisory Board during 2021

<u>Supervisory Board</u>:

Benjamin de Rothschild (until 15 January 2021)

Chairman:

Edmond de Rothschild Holding SA (*Switzerland*)

Holding Benjamin et Edmond de Rothschild, Pregny SA (*Switzerland*)

The Caesarea Edmond Benjamin de Rothschild Development Corporation Ltd (*Israel*)

The OPEJ Baron Edmond de Rothschild Foundation (*France*)

The Adolphe de Rothschild Ophthalmology Foundation (*France*)

Maurice and Noémie de Rothschild Foundation (*Switzerland*)

Edmond de Rothschild New York Foundation (*USA*)

Edmond de Rothschild Foundation (*Switzerland*)

Chairman of the Board of Directors, Edmond de Rothschild SA

Chairman of the Supervisory Board:

Edmond de Rothschild (France)

Société Française des Hôtels de Montagne (SFHM)

Director:

La Compagnie Fermière Benjamin et Edmond de Rothschild SA

La Compagnie Vinicole Baron Edmond de Rothschild SA

La Compagnie Générale Immobilière de France (Cogifrance)

EBR Ventures

Edmond de Rothschild Foundation for Scientific Research (*France*)

Supervisory Board member, Domaines Barons de Rothschild (Lafite)

Ariane de Rothschild

Chairwoman of the Board of Directors:

Holding Benjamin et Edmond de Rothschild SA (*Switzerland*) (since 10 February 2021, previously Vice-Chairwoman)

Edmond de Rothschild-Holding SA (*Switzerland*) (since 3 February 2021, previously Vice-Chairwoman)

Edmond de Rothschild (Suisse) SA

Administration et Gestion SA (*Switzerland*)

Edmond de Rothschild SA (since 3 February 2021, previously Vice-Chairwoman)

Adolphe de Rothschild hospital foundation (since 27 January 2021)

Bodegas Benjamin de Rothschild & Vega Sicilia SA (*Spain*)

Ariane de Rothschild Foundation (*Spain*)

Domaine de Pregny Foundation (*Switzerland*) (since 8 September 2021)

Edmond Adolphe de Rothschild Foundation (*Switzerland*) (since 30 April 2021)

Maurice and Noémie de Rothschild Foundation (*Switzerland*) (since 30 April 2021)

Adolphe de Rothschild Foundation - association for the development of ophthalmology (*Switzerland*) (since 15 December 2021)

The Edmond de Rothschild Foundation (*Israel*)

OPEJ Foundation - Chairwoman (since 25 March 2021)

Caesarea Foundation

Edmond de Rothschild New York Foundation (*USA*)

Chairwoman of the Supervisory Board:

Edmond de Rothschild (France) (since 3 February 2021, previously Vice-Chairwoman)

Société Française des Hôtels de Montagne (SFHM) (since 16 January 2021)

Director:

Baron et Baronne Associés (holding company of Société Champenoise des Barons Associés)

Compagnie Fermière Benjamin et Edmond de Rothschild (since 16 January 2021)

Compagnie Vinicole Benjamin et Edmond de Rothschild (since 16 January 2021)

EBR Ventures (since 10 June 2021)

Member, Louvre endowment fund (until 25 February 2021)

Louis-Roch Burgard

Chief Executive Officer and Director, CNIM Group

Chairman:

CNIM Innovation & Systèmes

Bertin Technologies

CNIM Systèmes Industriels

CNIM Environnement et Énergie

CNIM Environnement et Énergie Participations

CNIM Environnement et Énergie O&M (until 30 July 2021)

LAB (until 21 October 2021)

CNIM Environnement et Énergie Services

CNIM Environnement et Énergie EPC

CNIM Mutual Services

Cometal France

CNIM Transport Holding (since 25 June 2021)
CNIM Transport France (since 25 June 2021)

Manager:

CNIM Industrial System China

CNIM Singapore Private Limited (since 31 May 2021)

Supervisory Board member, Edmond de Rothschild (France)

Philippe Cieutat (since 29 October 2021)

Executive Board member and Chief Executive Officer, Edmond de Rothschild (France) (until 1 October 2021)

Chief Executive Officer, Edmond de Rothschild SA

Chairman of the Board of Directors:

Financière Boréale

Edmond de Rothschild Immo Premium

Chairman of the Supervisory Board, Edmond de Rothschild REIM (France) (until 16 November 2021)

Chairman, SAS EDR Immo Magnum

Vice-Chairman of the Supervisory Board, Edmond de Rothschild Asset Management (France)

Supervisory Board member:

Edmond de Rothschild Private Equity (France) (until 15 November 2021)

Edmond de Rothschild (France) (since 29 October 2021)

Edmond de Rothschild SA's permanent representative on the Board of Directors:

Financière Eurafrique

Cogifrance

Permanent representative of Edmond de Rothschild (France) on the Supervisory Board, Edmond de Rothschild Assurances et Conseils (France) (until 17 November 2021)

Permanent representative of Edmond de Rothschild (France), Vice-Chairman of the Supervisory Board, Edmond de Rothschild Corporate Finance (until 1 October 2021)

Permanent representative, Edmond de Rothschild (France) on the Board of Directors, Immopéra (since 4 March 2021):

Member of the Board of Directors, Zhonghai FMC (China)

Jacques Ehrmann

Chief Executive Officer, Altarea Group (operational role)

Chief Executive Officer, Altafi 2 (SAS)

Chairman, Tamlet (SAS)

Executive Board member, Frojal (SA)

Director, Pitch Promotion (SAS) (until 18 February 2021)

Supervisory Board member:

Edmond de Rothschild (France)

La Financière SPL (until 16 February 2021)

Woodeum

Manager:

Altarea Management (SNC)

Cogedim Gestion

Cogedim Développement (until 8 July 2021)

Cogedim Citalis

Cogedim Entreprise (until 26 May 2021)

Co-manager:

SCI Jakevero

SC Testa

Chairman, CNCC (French national council of shopping centres)

Jean Laurent-Bellue

Chairman of the Board of Directors:

Edmond de Rothschild (Monaco) (since 20 July 2021, previously director) and Chairman of the Audit and Risk Committee

Vice-Chairman of the Supervisory Board:

Edmond de Rothschild (France) (since 3 February 2021, previously a Supervisory Board member) and Chairman of the Audit Committee and of the Risk Committee

Supervisory Board member:

KPMG SA

KPMG Associés

Director:

Edmond de Rothschild Holding SA (*Switzerland*)

Edmond de Rothschild (Suisse) SA and Nomination and Remuneration Committee member and Audit and Risk Committee member

Holding Benjamin et Edmond de Rothschild – Pregny SA (*Switzerland*)

Edmond de Rothschild SA

Rotomobil

Actions Addictions foundation

Véronique Morali

Chairwoman of the Executive Board, Webedia

Chairwoman:

Fimalac Développement (*Luxembourg*)

Clover SAS (until 8 March 2021)

Clover MDB SAS (until 10 May 2021)

Chairwoman of the Board of Directors, Quill France (previously known as Viaeuropa)

Chief Executive Officer, Webco

Director:

Edmond de Rothschild SA (*Switzerland*)

Edmond de Rothschild SA (until 5 May 2021)

Fimalac (since 29 June 2021)

Paris Institute of Political Studies (SciencesPo)

Lagardère (since 30 June 2021) and Audit Committee member

Supervisory Board member:

Edmond de Rothschild (France) and Remuneration Committee member, Audit Committee member and Risk Committee member

Manager, Webedia International SàRL (*Luxembourg*) (until 10 May 2021)

Chairwoman, Association Force Femmes

Board member of institutions and public-interest entities:

Association Le Siècle

Strategy Committee member, Pour de Bon SAS (until 20 April 2021)

François Pauly (since 27 August 2021)

Chief Executive Officer, Edmond de Rothschild (Suisse) SA (since 4 June 2021)

Chairman of the Board of Directors:

Edmond de Rothschild (Europe) (*Luxembourg*) and Chairman of the Nomination and Remuneration Committee (since 4 June 2021)

Edmond de Rothschild (UK) Ltd (since 19 July 2021)

Compagnie Financière La Luxembourgeoise

Compagnie Foncière La Luxembourgeoise

Supervisory Board member, Edmond de Rothschild (France) (since 27 August 2021)

Director:

Edmond de Rothschild (Monaco), and Audit and Risk Committee member (since 20 July 2021)

Edmond de Rothschild (Israel), and Audit and Risk Committee member (since 14 October 2021)

Participations CF SA

LaLux Group

LaLux Assurances

LaLux Vie

Immo CF Place d'Armes

Immo CF Les Thermes

Immo CF Pétrusse

HLPA

HLVP

Immo CF Bergfeld

Immo CF Mertert

Altik

Inowai Group

Inowai

Inowai Residentiel

BELAC (since 23 November 2021)

Am Beechel (since 23 November 2021)

Am Guddebierg (since 23 November 2021)

Op de Gaass (since 23 November 2021)

Vedipar

Vedihold

Cobepa

Cobehold

IWG PLC Zug

Manager, Luxco Invest SàRL (since 2021)

Felix Chomé Luxembourg and Brazil foundation

Fondation du souvenir et de l'amitié Luxembourg

Red Cross Luxembourg

Genève Place Financière foundation, representative of Edmond de Rothschild (since 4 June 2021)

Association of Swiss Asset and Wealth Management Banks, representative of Edmond de Rothschild (since 4 June 2021)

Sabine Rabald (since 10 March 2021)

Chief Executive Officer, SAS Configure Creative

Supervisory Board member, Edmond de Rothschild (France) (since 10 March 2021)

Director:

Edmond de Rothschild (Europe) (*Luxembourg*), also Audit and Risk Committee member

Nucoro Holdings Limited (UK)

Audit Committee member, Edmond de Rothschild (UK) Ltd

Vincent Taupin (until 4 June 2021)

Chief Executive Officer, Edmond de Rothschild (Suisse) SA (until 4 June 2021)

Chairman of the Board of Directors:

Edmond de Rothschild (Europe) (*Luxembourg*) and Chairman of the Nomination and Remuneration Committee (until 4 June 2021)

Edmond de Rothschild (Monaco) (until 4 June 2021)

Edmond de Rothschild (UK) Ltd (until 4 June 2021)

Vice-Chairman of the Board of Directors:

Edmond de Rothschild (Europe) (Luxembourg) and Nomination and Remuneration Committee member (since 4 June 2021)

Director, Israel-France Chamber of Commerce & Industry

Non-voting advisor to the Supervisory Board, Edmond de Rothschild Asset Management (France) (until 4 June 2021)

Supervisory Board member, Edmond de Rothschild (France) (until 4 June 2021)

Cynthia Tobiano

Chief Executive Officer, Edmond de Rothschild Holding SA *(Switzerland)*

Chief Operating Officer, Edmond de Rothschild (Suisse) SA (until 1 October 2021)

Chairwoman of the Supervisory Board, Edmond de Rothschild Asset Management (France)

Vice-Chairwoman of the Board of Directors, Edmond de Rothschild (Israel) Ltd

Supervisory Board member, Edmond de Rothschild (France)

Director:

Holding Benjamin et Edmond de Rothschild SA, Pregny SA (since 21 December 2021)

Edmond de Rothschild Buildings Boulevard Limited (Israel)

Edmond de Rothschild (Europe)

Edmond de Rothschild (Monaco)

Edmond de Rothschild (UK) Limited (until 31 December 2021)

Cogifrance SA (since 17 March 2021)

Administration et Gestion SA (since 1 April 2021)

Gitana SA (since 6 April 2021)

Management Board member, Gitana France SAS (since 2 June 2021)

Christian Varin

Director:

Edmond de Rothschild SA (until 5 May 2021)

Gingko (Luxembourg)

Josi Group (Belgium)

Fovabis SA (Belgium)

Supervisory Board member:

Edmond de Rothschild (France)

Edmond de Rothschild Private Equity (France) (until 3 May 2021)

Strategy Committee member:

Edmond de Rothschild Private Equity SA (Luxembourg) (since 1 January 2021)

Josepha Wohnrau

Supervisory Board member:

Edmond de Rothschild (France)

<u>Executive Board</u>:

Renzo Evangelista

Chairman of the Executive Board, Edmond de Rothschild (France)

Chairman of the Supervisory Board:

Edmond de Rothschild Corporate Finance

Edmond de Rothschild Assurances et Conseils (France)

Permanent representative, Edmond de Rothschild (France), **Chairman of the Supervisory Board**, Edmond de Rothschild Private Equity (France)

Non-voting advisor, Edmond de Rothschild Asset Management (France)

Fabrice Coille (since 1 October 2021)

Executive Board member and Chief Executive Officer:

Edmond de Rothschild (France) (since 1 October 2021)

Chairman of the Supervisory Board:

Edmond de Rothschild REIM (France) (since 16 November 2021)

Supervisory Board member:

Edmond de Rothschild Private Equity (France) (since 15 November 2021)

Permanent representative:

Edmond de Rothschild (France), Vice-Chairman of the Supervisory Board, Edmond de Rothschild Corporate Finance (since 1 October 2021)

Edmond de Rothschild (France), Supervisory Board member, Edmond de Rothschild Assurances et Conseils (France) (since 17 November 2021)

Nicolas Giscard d'Estaing (since 1 October 2021)

Executive Board member and also Company Secretary, Edmond de Rothschild (France) (since 1 October 2021)

Supervisory Board Vice-Chairman, Edmond de Rothschild Assurances et Conseils (France)

Director:

Financière Boréale

Groupement Immobilière Financière – GIF

Permanent representative:

Edmond de Rothschild (France), Director, Financière Eurafrique

Financière Eurafrique, Director, Immopéra

Board Committees

The Supervisory Board's rules of procedure lay down the operating procedures for the three Board Committees – the Audit Committee, the Risk Committee and the Remuneration Committee.

Audit Committee

The Audit Committee members are chosen from among the Supervisory Board members. It meets at least once a quarter and is convened by its Chairman.

At 31 December 2021, the members of Edmond de Rothschild (France)'s Audit Committee were:

- Jean Laurent-Bellue (Chairman),

- Véronique Morali and Louis-Roch Burgard.

The role of the Audit Committee, which has its own rules of procedure, is to assist the Supervisory Board. Its remit is to check the quality of accounting and financial information produced within the Group made up of Edmond de Rothschild (France) and its consolidated subsidiaries, and monitor the audit conducted by the Statutory Auditors and their independence.

More specifically, it is tasked with:

- ensuring the relevance and consistency of the accounting methods adopted to prepare the parent company and the consolidated financial statements, reviewing and assessing the scope of consolidation and reviewing and verifying the suitability of the accounting rules applied by the Group
- reviewing the parent company and consolidated financial statements, the budgets and forecasts prior to their presentation to the Board. To this end, it reviews with the Company's management and Statutory Auditors the quarterly, interim and annual financial statements, the accounting principles and methods, the Group's audit and internal control principles and methods, plus the analysis and the reports related to financial reporting, accounting policy and communications between the Company's management and Statutory Auditors
- controlling the quality and compliance with internal control procedures, assessing the information received from management, internal committees and internal and external audits concerning the preparation and processing of accounting and financial information
- overseeing the selection and reappointment of the Statutory Auditors, expressing an opinion on the

fees they propose to charge and submitting the results of their work to the Supervisory Board

- ensuring the independence of the Statutory Auditors and their objectivity in respect of Statutory Auditors belonging to networks providing both audit and consulting services, as well as, more generally, reviewing, controlling and evaluating any and all factors liable to affect the accuracy and fair presentation of the financial statements
- setting the rules under which the Statutory Auditors may perform non-audit services and entrusting additional audit assignments to external auditors
- reviewing the details and suitability of the fees paid by the Group to the Statutory Auditors and ensuring that these fees and the corresponding services are not liable to compromise the Statutory Auditors' independence
- making sure that the statutory and regulatory accounting and financial requirements applicable to the Group are met

The Audit Committee meets, whenever convened by its Chairman, as often as required but no less than once per quarter, prior to each Supervisory Board meeting. In 2021, it met on:

- 9 March
- 4 May
- 26 August
- 7 December

The Executive Board members and the Chief Financial Officer of Edmond de Rothschild (France) both have a standing invitation to attend Audit Committee meetings. The Chief Internal Auditor, the Head of Compliance and Permanent Control and the Head of the Central Risk Department are invited to attend its meetings in an advisory capacity.

The Audit Committee has drawn up a work programme, with the March and August meetings devoted specifically to a review of the full-year and interim financial statements conducted together with the Executive Board members, the Chief Financial Officer and the Statutory Auditors. No less than twice per year, the Audit Committee meets representatives of the Statutory Auditors to review the scope of their audit programme and the services they could be asked to provide.

It may request any information or ask anyone to appear before it as is required or useful for the fulfilment of its duties.

The Audit Committee reports on its work and provides its opinions and recommendations to the Supervisory Board. The Chairman of the Audit Committee presents its work to the Supervisory Board.

Minutes of these meetings are circulated to all members of the Committee and of the Executive Board and are made available to members of the Supervisory Board.

Risk Committee

The Risk Committee was established on 15 March 2017, and its members are chosen from among the Supervisory Board members. It meets at least once a quarter and is convened by its Chairman.

At 31 December 2021, the members of Edmond de Rothschild (France)'s Risk Committee were:

- Jean Laurent-Bellue (Chairman),
- Véronique Morali and Louis-Roch Burgard.

The role of the Risk Committee, which has its own rules of procedure, is to assist the Supervisory Board. Its remit is to monitor the effectiveness of the organisation and implementation of internal control and risk management at the Group formed of Edmond de Rothschild (France) and its consolidated subsidiaries, as well as conformity with the applicable regulations and the related compliance guidelines laid down by the Group.

More specifically, it is tasked with:

- advising the Supervisory Board in a general capacity on the Bank's overall strategy and its existing and future risk appetite, and controlling implementation of this strategy by the Bank's effective managers and by the head of the risk management function
- examining the internal audit's annual audit plan prior to its approval by the Supervisory Board
- making sure that the statutory and regulatory requirements on internal, permanent and periodic control applicable to the Group are met
- reviewing the risk control framework as a whole and in summary form
- without prejudice to the terms of reference of the Remuneration Committee, reviewing whether the incentives provided for by the remuneration policy and practices are compatible with the Bank's position with regard to its risk exposure, its capital, its liquidity and the probability and timing of the expected profits.

The Executive Board members, the Chief Financial Officer of Edmond de Rothschild (France), the Chief Internal Auditor, the Head of Compliance and Control and the Head of the Central Risk Department have a standing invitation to Risk Committee meetings.

The Risk Committee may request any information or ask anyone to appear before it as is required or useful for the fulfilment of its duties.

The Committee reports on its work and informs the Supervisory Board of its opinions and recommendations. The Chairman of the Risk Committee presents its work to the Supervisory Board.

Minutes of these meetings are circulated to all members of the Committee and of the Executive Board and are made available to members of the Supervisory Board.

Remuneration Committee

The Remuneration Committee issues opinions on the general remuneration policy of the Edmond de Rothschild (France) Group as proposed by the Executive Board. Every year, it makes sure this policy is abided by. It makes recommendations to the Supervisory Board on all components of remuneration paid to Executive Board members.

The Remuneration Committee has three members: Ariane de Rothschild, already a member, appointed Chairwoman following the passing of Benjamin de Rothschild, Véronique Morali and Christian Varin. It meets at least once every year. Under the banking regulations, the Company has to prepare a report on remuneration policy and practices every year. This report is filed with the ACPR (French Prudential Supervision and Resolution Authority).

As part of its work, the Remuneration Committee verifies that:

- its assessment of remuneration includes all the relevant components
- each proposed element is in the Company's general interest
- remuneration is comparable with general banking and finance industry practices
- remuneration is linked to performance metrics
- all remuneration components comply with the latest applicable regulations

It also reviews:

- the remuneration policy adopted by Edmond de Rothschild (France) and its subsidiaries
- the remuneration awarded to employees in respect of each financial year
- remuneration awarded to senior executives

REMUNERATION AND COMMITMENTS GIVEN TO CORPORATE OFFICERS

Since Edmond de Rothschild (France) shares are not admitted to trading on a regulated market, they do not fall within the scope of the "say on pay" regime established in Article L. 22-10-26 and Article L. 22-10-34 of the French Commercial Code.

OTHER DISCLOSURES REQUIRED PURSUANT TO ARTICLE L. 225-37-4 OF THE FRENCH COMMERCIAL CODE

Information about the agreements referred to in Article L. 225-37-4(2) of the French Commercial Code

Article L. 225-37-4(2) of the French Commercial Code stipulates that, except where they concern ordinary transactions and are entered into on an arm's length basis, agreements between, on the one hand, one of the corporate officers or one of the shareholders holding over 10% of the voting rights of a company, either directly or via an intermediary, and, on the other hand, another company controlled by the former as defined in Article L. 233-3 of the French Commercial Code, must be disclosed in the report on corporate governance.

No such agreement was brought to the attention of the Company during 2021.

Information about delegations of authority (Article L. 225-37-4(3) of the French Commercial Code

In accordance with Article L. 225-37-4(3) of the French Commercial Code, no delegation of authority or of powers to increase the Company's share capital pursuant to Articles L. 225-129.1 to L. 225-129.2 of said Commercial Code was in force at 31 December 2021.

Arrangements for shareholders to participate at the General Meeting

The arrangements for shareholders to participate at general meetings are set forth in Article 20 of the Articles of Association.

Disclosures required pursuant to Article L. 22-10-11 of the French Commercial Code

Since Edmond de Rothschild (France) shares are not admitted to trading on a regulated market, no public tender or exchange offer can be made for them. Accordingly, the provisions of Article L. 22-10-11 of the French Commercial Code do not apply to Edmond de Rothschild (France).

OBSERVATIONS OF THE SUPERVISORY BOARD ON THE REPORT OF THE EXECUTIVE BOARD AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

In accordance with the law, the Company's Executive Board has presented on a timely basis the 2021 financial statements to us for verification and control purposes and provided the report to be presented to you at the General Meeting.

Having examined the report, we have no additional observations to make concerning the Company's management or the 2021 financial statements. The financial statements are in line with the information provided to us during the year.

We recommend that you approve these financial statements at the Annual General Meeting of Shareholders.

The Supervisory Board

Consolidated financial statements and notes

Consolidated financial statements and notes

IFRS consolidated balance sheet (in thousands of euros)

Assets		31/12/2021	31/12/2020
Cash, due from central banks and postal accounts	3.1	2,629,937	2,053,994
Financial assets at fair value through profit and loss	3.2	153,327	157,323
Financial assets at fair value through equity	3.3	1,384	1,341
Securities at amortised cost	3.4	4,813	6,521
Loans and receivables due from credit institutions, at amortised cost	3.5	63,229	48,600
Loans and receivables due from clients, at amortised cost	3.6	1,421,591	1,160,185
Current tax assets		397	7,341
Deferred tax assets		13,447	11,901
Accruals and other assets	3.8	134,555	216,992
Investments in associates	3.9	66,132	59,595
Property, plant and equipment	3.10	38,145	37,730
Right-of-use assets		33,071	39,542
Intangible assets	3.11	21,331	22,282
Goodwill	3.12	73,925	74,313
Non-current assets held for sale	3.13	12,284	12,284
Total assets		**4,667,568**	**3,909,944**

Liabilities and equity		31/12/2021	31/12/2020
Financial liabilities at fair value through profit and loss	3.14	1,417,275	1,354,751
Hedging derivatives	3.15	-	-
Due to credit institutions	3.16	51,278	22,143
Due to clients	3.17	2,488,188	1,830,461
Debt securities		-	-
Current tax liabilities		1,998	1,386
Deferred tax liabilities		-	-
Accruals and other liabilities	3.8	233,832	250,721
Provisions	3.18	17,882	23,269
Subordinated debt	3.19	-	-
Equity		457,115	427,213
Equity attributable to equity holders of the parent		453,923	419,072
. Share capital and related reserves		*201,195*	*201,195*
. Consolidated reserves		*186,637*	*188,302*
. Other comprehensive income		*9,529*	*5,277*
. Earnings for the period		*56,562*	*24,298*
Non-controlling interests		3,192	8,141
Total liabilities and equity		**4,667,568**	**3,909,944**

IFRS consolidated income statement (in thousands of euros)

		2021	2020
+ Interest and similar revenues	4.1	40,496	19,139
- Interest and similar expenses	4.2	−39,411	−25,322
+ Fee income	4.3	417,770	348,089
- Fee expense	4.3	−90,423	−82,677
+/- Net gains or losses on financial instruments at fair value through profit and loss	4.4	31,714	30,095
+/- Net gains or losses on financial assets at fair value through equity	4.5	419	899
+ Other revenues	4.6	13,816	10,792
- Other expenses	4.6	−17,172	−16,362
Net banking income		357,209	284,653
- General operating expenses	4.7	−263,780	−228,404
- Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		−26,646	−26,425
Gross operating income		66,783	29,824
+/- Cost of risk	4.8	−237	−59
Operating income		66,546	29,765
+/- Share in net income of associates	3.9	11,116	8,202
+/- Net gains or losses on other assets	4.9	−119	−60
+/- Changes in the value of goodwill		−388	-
Income (loss) before tax		77,155	37,907
- Income tax	4.10	−22,880	−10,496
Net income		54,275	27,411
- Net income attributable to non-controlling interests		2,287	−3,113
Net income attributable to equity holders of the parent		**56,562**	**24,298**
Earnings per share (in euro)		10.15	4.33
Diluted earnings per share (in euro)		10.15	4.33

Statement of comprehensive income (in thousands of euros)

	2021	2020
Net income	**54,275**	**27,411**
Exchange difference	389	−1,144
Deferred change in value of hedging derivatives (*)	-	-
Change in value of financial assets at fair value through equity (*)	1	−494
Actuarial gains or losses on defined-benefit plans (*)	3,862	537
Total comprehensive income	**4,252**	**−1,101**
Net income and comprehensive income	**58,527**	**26,310**
Attributable to equity holders of the parent	*60,814*	*23,197*
Attributable to non-controlling interests	*−2,287*	*3,113*

(*) Net of tax.

IFRS cash flow statement (in thousands of euros)

	2021	2020
Cash flow from operations		
Net income for the period	**54,275**	**27,411**
Net gain or loss on disposals of long-term assets	−296	−839
Net additions to depreciation, amortisation and provisions	16,890	16,565
Income from associates	−11,116	−8,202
Reclassification of net gain or loss on financial instruments at fair value through profit and loss	−31,713	−30,095
Other unrealised income and expenses	3,126	12
Income tax expense (including deferred taxes)	22,880	10,496
Cash flow from operations before financing activities and tax	54,046	15,348
Income tax paid	−18,298	−9,989
Net increase/decrease from transactions with credit institutions	−3,742	174,975
Net increase/decrease from transactions with clients	396,797	−55,734
Net increase/decrease from transactions in other financial assets and liabilities	80,380	−173,899
Net increase/decrease from transactions in other non-financial assets and liabilities	71,907	−54,269
Net cash flow from operating activities	**581,090**	**−103,568**
Cash flow from investing activities		
Purchases of property, plant and equipment and intangible assets	−14,452	−14,139
Purchases of long-term financial assets	-	−1,907
Dividends received from associates	4,581	4,203
Disposals of long-term assets	3,130	731
Net cash flow from investing activities	**−6,741**	**−11,112**
Cash flow from financing activities		
Increase/decrease in cash from transactions with shareholders	−33,187	−5,340
Net cash flow from financing activities	**−33,187**	**−5,340**
Effect on cash and cash equivalents of changes in exchange rates	282	−313
Net change in cash and cash equivalents	**541,444**	**−120,333**
Net balance of cash and amounts due from central banks	2,053,994	2,229,167
Money-market funds qualifying as cash equivalents	14	14
Net balance of demand deposits with and loans from credit institutions	26,470	−28,370
Cash and cash equivalents at the beginning of the period	**2,080,478**	**2,200,811**
Net balance of cash and amounts due from central banks	2,629,937	2,053,994
Money-market funds qualifying as cash equivalents	15	14
Net balance of demand deposits with and loans from credit institutions	−8,030	26,470
Cash and cash equivalents at the end of the period	**2,621,922**	**2,080,478**
Change in net cash	**541,444**	**−120,333**

Statement of changes in equity (in thousands of euros)

	31/12/2019	Appropriation of income	Other changes	31/12/2020
Attributable to equity holders of the parent				
– Share capital	83,076	-	-	83,076
– Share premiums	98,244	-	-	98,244
– Equity instruments (undated super-subordinated notes)	19,875	-	-	19,875
– Interest on equity instruments (undated super-subordinated notes)	−16,772	-	−338	−17,110
– Elimination of treasury shares	-	-	-	-
- Other reserves	190,320	14,375	717	205,412
– Other comprehensive income	6,378	-	−1,101	5,277
– 2019 net income	14,375	−14,375	-	-
Sub-total	**395,496**	**-**	**−722**	**394,774**
– 2020 net income	-	-	24,298	24,298
Total equity attributable to equity holders of the parent	**395,496**	**-**	**23,576**	**419,072**
Non-controlling interests in:				
– Reserves	8,980	1,591	−5,543	5,028
– 2019 net income	1,591	−1,591	-	-
– 2020 net income	-	-	3,113	3,113
Total non-controlling interests	**10,571**	**-**	**−2,430**	**8,141**

	31/12/2020	Appropriation of income	Other changes	31/12/2021
Attributable to equity holders of the parent				
– Share capital	83,076	-	-	83,076
– Share premiums	98,244	-	-	98,244
– Equity instruments (undated super-subordinated notes)	19,875	-	-	19,875
– Interest on equity instruments (undated super-subordinated notes)	−17,110	-	−333	−17,443
– Elimination of treasury shares	-	-	-	-
- Other reserves	205,412	24,298	−25,630	204,080
– Other comprehensive income	5,277	-	4,252	9,529
– 2020 net income	24,298	−24,298		-
Sub-total	**419,072**	**-**	**−21,711**	**397,361**
– 2021 net income	-	-	56,562	56,562
Total equity attributable to equity holders of the parent	**419,072**	**-**	**34,851**	**453,923**
Non-controlling interests in:				
– Reserves	5,028	3,113	−2,662	5,479
– 2020 net income	3,113	−3,113	-	-
– 2021 net income	-	-	−2,287	−2,287
Total non-controlling interests	**8,141**	**-**	**−4,949**	**3,192**

Notes to the consolidated financial statements

Note 1 – Preparation of the consolidated financial statements

1.1. Background

In compliance with EU Regulation 1606/2002 of 19 July 2002 concerning the application of international accounting standards by entities issuing publicly traded debt securities, and in connection with the regular issue of publicly traded debt securities, Edmond de Rothschild (France) prepared its financial statements in accordance with International Financial Reporting Standards (IFRSs) for the first time in 2007.
Edmond de Rothschild (France)'s financial statements are prepared in accordance with IAS/IFRS standards and IFRIC interpretations applicable at 31 December 2021 as adopted by the European Union (see http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm).

They were approved by the Executive Board on 1 March 2022. They were reviewed by the Audit Committee on 8 March 2022 and by the Supervisory Board on 9 March 2022.

Against the background of the Covid-19 crisis, the Group did not make any major methodological changes when preparing its 2021 financial statements and did not benefit from any support measures capable of affecting its performance or financial position.

1.2. Compliance with accounting standards

New applicable accounting standards

Amendment to IFRS 16 – Covid-19-related rent concessions

On 28 May 2020, the IASB published an amendment to IFRS 16 "Leases" to make it easier for lessees to account for Covid-19-related rent concessions.

The amendment, which applies to periods beginning on or after 1 June 2020 (although early application is possible), allows lessees to account for rent concessions as if they were not lease modifications.

On 31 March 2021, the IASB published new amendments to IFRS 16 entitled "Covid-19-Related Rent Concessions beyond 30 June 2021", extending the practical expedient proposed a year earlier by one year (until 30 June 2022).

In 2021, as in 2020, the Group did not benefit from any rent concessions related to the Covid-19 crisis.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: "Interest Rate Benchmark Reform – Phase 2"

In August 2020, the IASB published phase 2 amendments to IFRS 9, IAS 39 et IFRS 7, IFRS 4 and IFRS 16 relating to the accounting treatment of changes to contracts in financial instruments in relation to the adoption of new interest rate benchmarks.

The changes concerned relate to contractual cash flows and hedge relationships.

These amendments, endorsed by the European Union on 14 January 2021, are mandatorily applicable for annual financial statements from 1 January 2021, but have no impact on the Group's financial statements.

Decision by the IFRS Interpretations Committee (IFRS IC) in relation to IAS 19

On 20 April 2021, the IFRS IC presented a proposal to the IASB to change the calculation of employee-related obligations relating to certain defined-benefit pension plans.

The position presented by the IFRS IC and validated by the IASB does not change IAS 19 but provides clarification about how to determine the period over which employees accrue entitlements relating to defined-benefit post-employment benefit plans.

The plans concerned are those in which:
- employees receive a lump sum benefit payment when they retire, provided they are employed by the entity until that point,
- entitlements depend on the length of employee service, capped at a specified number of consecutive years of service.

Within the Group, therefore, this relates to termination benefits for retiring employees.

The period over which entitlements accrue must be the period immediately preceding an employee's retirement age, capped at the number of consecutive years of service in respect of which the employee generates a benefit entitlement.

Applying the IFRS IC's decision, provisions for employee benefit liabilities at 1 January 2021 fell by €759 thousand (before tax), with a balancing increase in consolidated reserves.

The entry into force of other mandatorily applicable amendments since 1 January 2021 did not have any effect on the financial statements for the year ended 31 December 2021.

New standards published but not yet applicable

The Group did not opt for early application of any new standards, amendments or interpretations adopted by the European Union where their application in 2021 was only optional.

1.3. Use of estimates

The preparation of financial information involves the use of estimates and assumptions regarding future circumstances.

In addition to available information, making estimates requires an element of judgment, particularly as regards the following:

- impairment tests performed on intangible assets;
- impairment tests performed on investments in associates;
- determining whether or not a market is active for the purposes of using a value measurement technique.

The Group also considers that among the other accounting aspects requiring the use of judgment, the most important concern provisions, pension liabilities and share-based payments.

1.4. Consolidation methods

The consolidated financial statements were prepared on the basis of the separate financial statements of Edmond de Rothschild (France) and all controlled subsidiaries and subsidiaries subject to significant influence.

Fully consolidated companies

Companies controlled by Edmond de Rothschild (France) are fully consolidated.
Full consolidation involves replacing the value of shares in the subsidiaries with each item of those companies' financial statements, then eliminating transactions between the parent and subsidiaries and between subsidiaries. Non-controlling interests in the equity and earnings of subsidiaries are stated separately in the consolidated balance sheet and income statement.
The Group has control over a subsidiary where it has power over the entity (generally by holding the majority of voting rights, directly or indirectly), where its relations with the subsidiary expose it or entitle it to variable returns and where it has the ability to influence those returns because of the power it exerts.

Associates

Companies over which the Group exercises significant influence are accounted for under the equity method. Significant influence is defined as the power to participate in the financial and operating policies of a subsidiary but not to control those policies. Significant influence is often exercised by representation on the Board of Directors, Executive Board or Supervisory Board, participation in strategic decisions, interchange of managerial personnel or dependence on technical information.
Significant influence is presumed to exist when a company holds, directly or indirectly, at least 20% of the voting rights in a subsidiary. Investments in associates are initially stated at cost including attributable goodwill and subsequently adjusted to reflect changes in the Group's share of net assets. Gains and losses on transactions between the Group and associates are eliminated to the extent of the investment, unless the transaction results in permanent impairment of the asset transferred.

Special purpose entities

These are legal entities designed so that voting rights are not the determining factor in establishing control over the entity. That is the case where the entities undertake solely administrative tasks and where their relevant activities are managed through contractual arrangements. The main criteria for assessing whether the Group controls a special purpose entity are as follows:

- the activities and purpose of the company;
- the way the entity was structured;
- the risks borne by the company and those transferred and borne by the Group;
- exposure to and ability to control the entity's variable returns.

Groupement Immobilière Financière meets those criteria and is therefore consolidated.

1.5. Changes in the scope of consolidation

During 2021, Edmond de Rothschild Private Equity (France) created ERES IV GP, and the investment advisory company Elyan Partners SAS was created.

LCFR UK PEP Limited and CFSH Secondary Opportunities SA were liquidated.

1.6. Consolidation principles

Reporting date

The consolidated financial statements were prepared on the basis of the separate financial statements of each Group company at 31 December 2021.

Elimination of inter-company transactions

All payables, receivables, commitments, revenues and expenses resulting from transactions between fully consolidated companies are eliminated, as are inter-company gains and losses on sales of assets.

Dividends received from consolidated companies are eliminated from consolidated earnings.

Goodwill

Business combinations completed before 1 January 2010

The Group accounted for business combinations using the purchase method. The acquisition cost was measured as the total fair value, at the date of acquisition, of the assets given, liabilities incurred or assumed and equity instruments issued in exchange for control of the acquiree, plus any costs directly attributable to the business combination.
At the acquisition date, the assets, liabilities, off-balance sheet items and contingent liabilities of the acquired entities that are identifiable under IFRS 3 “Business Combinations” were measured individually at fair value, whatever their purpose.
The analysis and expert assessments necessary for initial measurement of these items, and any corrections resulting from new information, had to take place within 12 months of the date of acquisition.
Upon the first consolidation of an investment, the difference between the acquisition cost of the shares and the share of adjusted net assets acquired was, after analysis, allocated between corrections to the values of balance sheet items and to the commitments of the consolidated company, and intangible assets that meet the criteria defined in IAS 38. The residual balance was treated as goodwill. Positive goodwill was reported in the consolidated balance sheet under the heading “Goodwill”. Negative goodwill was immediately recognised in profit and loss. If the Group increases its percentage interest in an entity it already controls, the acquisition of further shares gives rise to recognition of additional goodwill, determined by comparing the purchase price of the shares and the share of net assets acquired.
Goodwill is carried in the balance sheet at cost. Goodwill on acquisitions of associates is included under the heading “Investments in associates”.

Business combinations completed after 1 January 2010

The rules set out above have been modified by the adoption of the revised IFRS 3. The main changes are as follows:
- Changes in interests that do not result in a loss of control (additional purchases or disposals that do not result in a loss of control) only affect equity and have no impact on goodwill.
- Contingent liabilities of the acquiree are only recorded in the consolidated balance sheet if they represent a present obligation on the date control is acquired if and their market value can be reliably estimated.
- Costs directly related to the business combination constitute a separate transaction from the combination itself and are recognised in profit and loss.
- Any contingent consideration is included in the purchase price at its market value on the acquisition date. After the 12-month evaluation period following the business combination, changes in the value of any contingent consideration classified as a financial liability are recognised in profit and loss.
- On the date control is acquired over an entity, any previously held interest in the latter is remeasured at market value through profit and loss.

In the case of a step acquisition, goodwill is determined by reference to market value at the date control is acquired, and not by reference to the assets and liabilities acquired at the time of each exchange transaction.

Measurement of goodwill

The Group regularly reviews goodwill and carries out impairment tests at least once a year, or whenever there is evidence of impairment. At the date of acquisition, goodwill is allocated to one or more cash-generating units likely to obtain benefits from the acquisition. Any impairment of goodwill is determined by reference to the recoverable amount of the cash-generating unit(s) (CGU) to which it is allocated.

When the recoverable amount of the CGU, determined by experts on the basis of value in use or fair value less costs to sell, is lower than its carrying amount value, an irreversible impairment loss is recorded in the consolidated income statement, under the heading “Changes in the value of goodwill”.

Deferred taxes

Deferred taxes are recognised when temporary differences are identified between the carrying amounts of balance sheet assets and liabilities for reporting and tax purposes, and where those differences will affect future tax payments.
Deferred taxes are determined using the liability method. Under this method, deferred taxes recorded in previous periods are adjusted when tax rates are changed and the resulting difference is taken to profit and loss. Deferred tax assets are only recognised when it is likely that the consolidated company will have sufficient taxable income to utilise the deferred tax asset within a given time horizon.

Translation of foreign currency financial statements

The Group's consolidated financial statements are prepared in euros. The financial statements of entities whose functional currency is not the euro are translated into euros using the closing rate method. Under this method, all assets and liabilities, both cash and non-cash, are translated at the exchange rate on the balance sheet date. Revenues and expenses are translated at the average rate during the period. Translation gains or losses, both on balance sheet and income statement items, are recognised, for the portion attributable to the Group, in shareholders' equity under "Translation differences", and for the portion attributable to third parties, under "Non-controlling interests".

Note 2 – Accounting policies, valuation methods and explanatory notes

Translation of foreign currency transactions

Monetary assets and liabilities in foreign currencies are translated into euros using official exchange rates as published by the Banque de France at the balance sheet date. Unrealised foreign exchange gains and losses are recorded in profit and loss. Spot foreign exchange transactions are measured at the official spot rates at the end of the period. The resulting gains and losses are recorded in profit and loss. Forward exchange contracts are measured at the rate for the residual term at the balance sheet date, with the impact of changes in fair value taken to profit and loss.
Non-monetary assets in foreign currencies, particularly investments in non-consolidated subsidiaries and associates denominated in foreign currencies, are recorded in the balance sheet at the euro equivalent of their historical foreign-currency cost, using exchange rates prevailing at the date of acquisition or subscription. Unrealised foreign exchange gains and losses related to these assets are only recognised in profit and loss upon disposal or recognition of impairment, or when the fair value is hedged for foreign exchange risk.

Financial assets and liabilities

Upon initial recognition, financial assets and liabilities are measured at fair value including acquisition costs (except for financial instruments recognised at fair value through profit and loss). They are classified in the categories described below:

Loans and receivables

— Loans made to clients in the course of commercial banking activities are included in the balance sheet item "Loans and receivables due from clients at amortised cost". They are initially measured at fair value, and subsequently adjusted at the closing date to their amortised cost based on the effective interest rate, which takes into consideration cash flows resulting from all the contractual terms of the instrument. Impairment losses are recorded on these items (see section on "Impairment of financial assets"). This category also includes securities purchased under repurchase agreements.
— The value of securities purchased under repurchase agreements for cash is recognised as the relevant amount of cash received. Remuneration on these agreements is recorded in profit and loss using the amortised cost method.
— After initial recognition, loans and receivables due from credit institutions not originally designated as "at fair value through profit and loss" are subsequently measured at amortised cost based on the effective interest rate. Remuneration related to securities purchased under repurchase agreements with banks is recorded using the amortised cost method in the same way as repurchase agreements with financial clients.

Financial assets at fair value through profit and loss

These instruments make up a very small proportion of assets held for trading, and are carried at fair value at the closing date, with changes in fair value recorded in profit and loss under the heading "Net gains or losses on financial instruments at fair value through profit and loss".
This item also includes non-derivative financial assets and liabilities that the Group has designated from the outset as "at fair value through profit and loss".
The Group's objectives in applying this option are as follows:
to apply fair value measurement to certain hybrid instruments in order to avoid separating embedded derivatives, which need distinct reporting. Structured EMTNs and BMTNs (euro medium-term notes and negotiable medium-term notes) issued by the Bank belong to this category;
to eliminate or significantly reduce discrepancies in the accounting treatment of certain financial assets and liabilities. Edmond de Rothschild (France) therefore measures all forward cash management operations at fair value through profit and loss. The Bank's cash management is based on the following principles:
1. the arrangement of term loans and borrowings with banks or financial clients;
2. the acquisition or issuance of negotiable debt securities on the interbank market;
3. where necessary, the hedging of each of these items using interest-rate derivatives.

When an item recognised at amortised cost is hedged by a financial asset that would be classified as an asset at fair value through equity, designating that item as at fair value can eliminate the distortion that arises from different accounting treatments for financial assets and liabilities that share the same interest-rate risk, and experience changes in fair value that tend to be mutually offsetting.

Similarly, when an interbank loan not originally recognised as a hedging relationship undergoes the same changes in fair value (due to exposure to interest-rate risk) but in the opposite direction, designating that loan as at fair value can reduce the distortion that would have arisen from recording the loan at amortised cost and the derivative at fair value through profit and loss.

Other financial assets at fair value through profit or loss also include:
- debt instruments whose contractual cash flows do not constitute repayments of principal and payments of interest on the principal that remains due (non-SPPI instruments),
- equity instruments that the Group has not opted to classify at fair value through equity.

Finally, this category of financial assets and liabilities includes the positive or negative fair values (without offsetting) of derivatives that have not been designated as hedging instruments.

Financial assets at fair value through equity

Debt instruments

The "Financial assets at fair value through equity" category includes debt instruments (loans and advances, bonds and other similar securities) with a business model involving the collection of contractual cash flows – representing basic SPPI ("solely payments of principal and interest") loans – and sales of those instruments.
Changes in value, excluding accrued or earned income, are recognised in a specific equity line item entitled "Gains and losses recognised directly in equity", and are reclassified to profit and loss when the instruments are sold.
Expected losses relating to credit risk are calculated on these financial assets.

Equity instruments

The Group has opted to classify part of its equity securities that it needs to conduct certain activities at fair value through equity.
That classification, which is irrevocable, must be carried out for each security.
Changes in the fair value of these instruments are recognised in "Gains and losses recognised directly in equity", and cannot be recycled to profit and loss.
Assets in this category do not undergo impairment. Only dividends are recognised in profit and loss.

Reclassification of financial assets

Reclassifications of financial assets under IFRS 9 are only required where there is a change in the business model associated with them.

Impairment of financial assets

Financial assets measured at amortised cost and debt instruments at fair value through equity with recycling

The credit risk impairment model applies to loans and debt instruments classified at amortised cost or at fair value through equity. These financial assets systematically undergo impairment testing when negotiated (i.e. at the time of acquisition or granting of the loan).
The provisioning model is based on monitoring the relative deterioration in credit quality, corresponding to movements in the counterparty's credit risk, without waiting for an objective incurred loss event.
Stage 1: healthy assets that have not significantly deteriorated since inception
Expected credit losses in the next 12 months are calculated on assets that have not undergone any significant deterioration in credit quality since inception.
Stage 2: healthy assets that have significantly deteriorated since inception
Within the Group, loans are not scored but monitored according to a Basel approach, depending on the type of eligible security covering the loan granted.
Three indicators are used to gauge a deterioration in credit quality: overdue payments, limit violations or unauthorised debits, and margin calls.
For loans with eligible financial security, the Group has not adopted the rebuttable presumption that loans on which payments are more than 30 days past due have undergone a significant deterioration in credit quality (no defaults have occurred in recent years), and the "Stage 2" classification takes place after 60 days in the event of overdue payments or unauthorised debits.

Mortgages are subject to the same rules.
Unsecured loans or loans without eligible security are classified as "Stage 2" after 30 days in the event of overdue payments or unauthorised debits.
The impairment loss corresponds to credit losses expected over the life (to maturity) of the financial assets.
Stage 3: assets in default
Assets are classified as doubtful where one or more payments are at least 90 days past due.
Credit risk is measured as expected credit losses to maturity.
The amount of the impairment loss is included in "Cost of risk" in the income statement, and the value of the financial asset is reduced through the recognition of impairment. Increases and decreases in impairment provisions due to changes in the probability of recovery are recorded in "Cost of risk", while the reversal over time of the discounting effects is treated as financial income from impaired receivables and included in "Interest and similar revenues" in profit and loss.

Measurement of expected credit losses

Expected credit losses are defined as the weighted likely expected value of the credit loss (principal and interest) discounted to present value. The method for measuring these losses is based on the following components.

- Probability of default (PD)
Probability of default is an estimate of the likelihood that a default will occur.
Most loans granted to the Group's clients have a 1-year maturity and in the absence of any defaults in recent years, the Group has decided to apply:
- for loans classified in "Stage 1", the average first-quartile 1-year PD shown by the retail mortgage books of major French banks,
- a flat-rate 20% PD for loans on which credit risk has significantly deteriorated.

- Loss given default (LGD)
LGD measures the loss that would arise if a counterparty defaulted. The figure takes into account the amounts borrowed and the market values of the assets and securities covering the loans granted by the Bank (with discounts based on the Group's risk policy).
- Exposure at default (EAD)
EAD is the amount owed by the counterparty at the time it defaults on a given commitment.

- Forward-looking approach
IFRS 9 requires "forward-looking" data to be included in the calculation of expected losses relating to credit risk.
The aim is to be able to take into account as early as possible forward-looking information and macroeconomic indicators that may affect the risk profile of counterparties.
The Group takes into account this forward-looking information as part of the borrowing amounts used to determine LGD.

Derecognition of financial assets and liabilities

Derecognition of financial assets

The derecognition (total or partial) of a financial asset on the balance sheet takes place when contractual rights to the instrument's cash flows expire or when those flows and substantially all of the instrument's risks and benefits are transferred to a third party.

Derecognition of financial liabilities

The Group removes a financial liability from its balance sheet when the obligation specified in the contract is extinguished, discharged or cancelled or expires.

Derivatives and hedges
All derivatives, except derivatives designated for accounting purposes as cash flow hedges (see below), are stated at fair value with changes in fair value recognised in profit and loss. Derivatives are recorded in the balance sheet at the trade date. They fall into two categories:

Trading derivative financial instruments
Derivatives are automatically classified as held for trading unless they qualify for accounting purposes as hedging instruments. They are carried in the balance sheet under "Financial assets at fair value through profit and loss" where their fair value is positive, and under "Financial liabilities at fair value through profit and loss" where their fair value is negative. Changes in the fair value of derivatives are recorded in profit and loss under "Net gains or losses on financial assets at fair value through profit and loss".

Income and expenses recorded at the time of interim payments of interest differentials or on settlement of the final payment under the derivative contract are recorded in profit and loss under "Interest and similar revenues" or "Interest and similar expenses". Gains and losses resulting from derivatives being unwound before their contractual expiry date are recorded in profit and loss under "Net gains or losses on financial assets at fair value through profit and loss".

Hedging derivative financial instruments

To classify a financial instrument as a hedging derivative, the Group must document the hedging relationship from its inception.

The documentation must identify the asset, liability or future transaction hedged, the nature of the risk being hedged, the type of derivative instrument used, and the valuation method to be used to assess the effectiveness of the hedge.

The designated hedging derivative must be highly effective in offsetting changes in the fair value or cash flows resulting from the hedged risk; that effectiveness is assessed at the inception of the hedge, then on an ongoing basis throughout its duration. Hedging derivatives are reported in the balance sheet under "Hedging derivatives".

Depending on the nature of the hedged risk, the Group must designate the hedging derivative as a fair-value hedge, a cashflow hedge or a hedge of currency risk related to a net investment in a foreign operation.

Non-current assets

Operating non-current assets are carried in the balance sheet at cost.

Property, plant and equipment and intangible assets qualifying for depreciation or amortisation are depreciated or amortised over their period of use within the company.

Intangible assets

Intangible assets primarily comprise purchased software and contract portfolios:

- Intangible assets with an unlimited useful life are subject to annual impairment tests from the end of the second six-month period. These tests may be carried out at any time during the year, provided the date remains unchanged from one year to the next. For intangible assets first recognised during the current period, an impairment test is carried out before the end of the year.
- Intangible assets with a limited useful life are carried at acquisition cost less cumulative amortisation and impairment. They are amortised over their useful life. The useful life is the shorter of the useful life as defined by law and the expected economic life of the asset. Purchased software is amortised over a period of between one and three years.
- Intangible assets are subject to impairment tests if events or new circumstances indicate a risk that the carrying amount may be irrecoverable.

Property, plant and equipment

Equipment, furniture, fixtures and fittings and real-estate assets are stated at cost, less any depreciation. Depreciation is generally applied on a straight-line basis over the asset's useful life, which is generally between 4 and 10 years, and 25 years for real-estate assets.

Property, plant and equipment is subject to impairment tests if events or new circumstances indicate a risk that the carrying amount may be irrecoverable.

Gains or losses on sales of operating assets are recorded under "Net gains or losses on other assets".

The Group's property, plant and equipment does not include any investment property.

Right-of-use assets

On the date a leased asset is made available to the lessee, a right-of-use asset equal to the initial value of the lease liability is recognised on the balance sheet.

That asset is then amortised on a straight-line basis over the term of the lease.

Financial liabilities at amortised cost

Debt instruments issued by the Group that are not classified as financial liabilities at fair value through profit and loss are initially measured at cost, which corresponds to the fair value of the amounts borrowed, net of transaction costs.

At the balance sheet date, those liabilities are measured at amortised cost using the effective interest rate method. Accrued interest on those liabilities is recorded under related payables, with a balancing entry in profit and loss.

Due to credit institutions and amounts owed to clients

Amounts due to credit institutions and clients are broken down according to their initial term or the nature of the amounts due: demand deposits and term deposits for credit institutions; special savings accounts and other deposits for clients. Liabilities related to securities sold under demand or term repurchase agreements with credit institutions or clients are included in both these categories.

They are recorded at the price at which the securities were sold. Securities sold under repurchase agreements remain in their original asset category in the balance sheet and are measured according to the specific rules for the relevant portfolio; income on those securities is also recognised as though they were still part of the portfolio.

Debt securities

Debt securities mainly comprise *"bons de caisse"* (interest-bearing notes), interbank market securities, negotiable debt instruments and bonds, but exclude subordinated notes, which are reported under "Subordinated debt". Accrued interest payable on these securities is recorded under related payables, with a balancing entry in profit and loss.

Provisions

With the exception of provisions for credit risks or employee benefits, provisions represent liabilities of uncertain timing and amount. Provisions are only established when the Group has a legal or constructive obligation towards a third party as a result of past events, and it is probable or certain that the obligation will cause an outflow of resources to the benefit of that third party without receiving any consideration of at least equivalent value.
The amount of the expected outflow of resources is discounted to determine the amount of the provision where the effect of such discounting is material.

Increases and decreases in these provisions are recorded in profit and loss under items corresponding to the nature of the relevant future expenditure.

Treasury shares
Treasury shares are shares in the parent company Edmond de Rothschild (France) and its fully consolidated subsidiaries.
Treasury shares held by the Group for any purpose are deducted from consolidated shareholders' equity, and related gains or losses are eliminated from consolidated profit and loss.

Income tax
Edmond de Rothschild (France) and some of its subsidiaries have opted to form a tax consolidation group. These entities have agreed that the advantage or disadvantage arising from the tax consolidation (difference between the consolidated tax charge and the total of the tax charges of the companies calculated independently) is recognised immediately in the parent company's income statement.

Income tax for the year includes current and deferred taxes. Income tax is recorded in profit and loss, unless it relates to an item directly recorded in equity, in which case it is recorded in equity.
Current taxes are the forecast taxes payable on taxable income for the period, calculated at the rates in force at the balance sheet date, and any adjustment of taxes due in respect of previous years. Current tax assets and liabilities are offset when Edmond de Rothschild (France) intends to pay the net amount and is legally authorised to do so.
Deferred taxes are recognised based on timing differences between the carrying amount and tax base of balance sheet assets and liabilities. As a rule, all taxable timing differences lead to recognition of deferred tax liabilities, whereas deferred tax assets are recognised where the probability exists of sufficient future taxable profit to utilise the deductible timing differences. Deferred tax assets and liabilities are offset when the entity is legally authorised to do so, provided they relate to the same tax consolidation group and are governed by the same tax authorities. Deferred taxes are not discounted to present value.
Deferred taxes related to actuarial gains and losses on defined-benefit plans are recorded directly in equity.
In France, the standard corporate income tax rate is 27.5%. Additionally, there is the general social security contribution on earnings of 3.3% (after an allowance of €0.76 million) introduced in 2000. The additional 3% tax on distributions made by companies, regardless of the beneficiary, introduced by France's second mini-budget for 2012, has been found to be unconstitutional. Long-term capital gains on investments in subsidiaries and associates are exempt, subject to fees and charges equal to 12% of the gross amount of the capital gains being taxed at the ordinary rate. Moreover, under arrangements for parent companies and subsidiaries in which the parent owns at least 5%, net income from investments is tax-exempt, subject to 1% of fees and charges in tax consolidation groups being taxed at the ordinary rate. For companies that have not opted for tax consolidation, the proportion of fees and charges is 5%.

For the 2021 financial year, the tax rate used to determine deferred taxes was 25.83% for income taxed at the ordinary rate. For income taxed at the reduced rate, the rates used were 4.13% and 15.50%.

Methods for determining the fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or a liability settled between well informed, consenting parties in an arm's-length transaction. The Group distinguishes three categories of financial instruments depending on the consequences of their characteristics regarding the method of measuring their value, and it uses that classification for disclosing certain information in the notes to the financial statements:
Level 1 category: financial instruments that are quoted on an active market;
Level 2 category: financial instruments whose value is measured by reference to observable parameters;
Level 3 category: instruments whose value is measured by reference to parameters that are wholly or partly non-observable; a non-observable parameter is defined as a parameter whose value is measured by reliance on assumptions or correlations based neither on trading prices observable on the markets for the given instrument at the valuation date, nor on observable market data available at that date.

A financial instrument is regarded as quoted on an active market if prices are readily and regularly available from a stock exchange, broker, dealer, pricing service or regulatory agency and if those prices represent actual transactions regularly occurring in the market under arm's-length conditions.

Instruments traded on active markets

Where a financial instrument is traded on an active market and quoted prices are available for that instrument, the fair value of the financial instrument is represented by its market price.

Instruments not traded on active markets

If the market for a financial instrument is not active, its fair value is determined using observable market data and valuation techniques.

Depending on the financial instrument, those techniques use data from recent transactions and discounted future cash flow models based on rates applicable at the balance sheet date.

Structured liabilities and index-linked derivatives

In determining the fair value of structured liabilities and the indexed component of index-linked derivatives, not all valuation parameters are observable. Therefore, the fair value of the financial instrument at the time of the transaction is deemed to be the transaction price, and the commercial margin is recorded in profit and loss over the life of the product.

While structured liabilities are outstanding, since they are not quoted on an active market, the valuation parameters agreed with the counterparties at the instruments' inception are not modified. For redemptions of negotiable debt securities issued, the fair value of the redeemed securities is the transaction price, and the portion of the commercial margin not yet recognised is taken to profit and loss.

Cash receivables and payables

For fixed-rate liabilities, which are generally due to mature within one year, where there is no active market, fair value is deemed to be the present value of future cash flows discounted at the market rate at the balance sheet date. Market rates are determined based on standard internal valuation models using certificate-of-deposit yield curves.

Similarly, for purchased fixed-rate debt securities, fair value is determined by discounting expected future cash flows at market rates.

Loans and other financing to clients

Edmond de Rothschild (France) considers that, because of the multiyear frequency of adjustments, the fair value of variable-rate loans can be considered equal to their carrying amount.

For loans with a variable rate that is adjusted once a year and fixed-rate loans, fair value is determined by discounting recoverable future cash flows relating to principal and interest over the loans' remaining life, at the interest rate applicable to new lending during the year for loans of the same category and with similar maturities.

Interest rate derivatives

The fair value of interest-rate derivatives and of the interest-rate component of index-linked derivatives is determined on the basis of internal valuation models incorporating observable market data. Thus the fair value of interest-rate swaps is calculated by discounting future interest cash flows at rates derived from zero-coupon swap curves.

Forward foreign-exchange contracts

Forward foreign-exchange contracts are treated as financial derivatives and carried in the balance sheet at fair value, with changes in fair value taken to profit and loss. The fair value of a forward foreign-exchange contract is determined by the forward rate for the contract's remaining life at the balance sheet date.

Cost of risk

In terms of credit risk, the cost of risk includes additions to and reversals of impairment of fixed-income securities and loans and receivables due from clients and credit institutions, additions to and reversals of provisions relating to financing and guarantee commitments given, losses on receivables written off and amounts recovered on receivables formerly written off.

Fees and commissions

The Group records fee income in profit and loss according to the nature of the services concerned. Fees received for non-recurring services are immediately taken to profit and loss. Fees for ongoing services are recorded progressively in profit and loss over the duration of the service provided. Fees that are an integral part of the effective return on a financial instrument are treated as an adjustment to the effective return on the financial instrument.

Employee-benefit commitments

The Group recognises four categories of benefit as defined by IAS 19:

1. Short-term benefits, for which payments are immediately expensed: remuneration, profit-sharing, employee savings and paid leave.

2. Post-employment benefits, measured using an actuarial method, with provisions set aside for defined-benefit plans (except French compulsory defined-contribution plans, which are directly expensed): pension benefits, supplementary pension plans and termination benefits for retiring employees.

Post-employment benefits are classified as either defined-contribution plans or defined-benefit plans, depending on the actual economic impact on the company.

In **defined-contribution plans**, liabilities are covered by contributions, which are recognised as expenses as and when they are paid to the independent pension bodies that manage subsequent payment of the pensions.

The company's obligation is limited to payment of a contribution, with no associated commitment concerning the amount of the benefits paid out. The contributions paid are included in the expenses of the period.

In **defined-benefit plans**, the actuarial risk and investment risk are borne by the company. They cover several types of commitment, principally "additional supplementary" pension plans and termination benefits for retiring employees. A provision is recorded in liabilities to cover the total value of those pension commitments. They are valued annually by an independent actuary at the balance-sheet date.

In accordance with IAS 19, the Group uses the projected unit credit method to calculate its employee-benefit commitments. This retrospective method uses projections regarding career-end salaries and prorated final-benefit entitlements based on length of service, taking into account actuarial assumptions regarding the employee's probable future period of service with the company, future remuneration levels, life expectancy and personnel turnover.

Actuarial gains and losses, determined for each plan, include the effect of differences between actuarial assumptions previously adopted and actual outcomes, and the effect of changes in actuarial assumptions.

The Group applies IAS 19 revised regarding the recognition of actuarial gains and losses on defined-benefit pension plans. All such gains and losses are recorded under other comprehensive income in the period in which they are recognised. When the plan is funded by assets, those assets are measured at fair value at the closing date and deducted from the value of the commitments recorded. The annual amount included in personnel expenses in respect of defined-benefit plans includes the following:

- the additional benefits earned by each employee (current service cost);
- the financial cost resulting from the unwinding of discounts;
- interest income generated by plan assets (net interest on the net liability or asset);
- past service cost;
- the effect of plan curtailments or settlements.

The Group recognises past service cost in expenses on a straight-line basis over the average period remaining until the benefit entitlements are vested. Past service cost refers to the increase in the present value of the obligation arising from employee service in previous periods, resulting from the introduction of a new plan or from changes occurring during the period.

3. Other long-term benefits, measured in the same way as postemployment benefits and fully provisioned: these include long-service awards, Compte Epargne Temps working-time savings accounts and deferred remuneration.

4. Termination benefits, redundancy payments and voluntary redundancy payments. These benefits are fully covered by provisions once the relevant agreement has been signed.

Cash flow statement

Cash and cash equivalents consist of the net balances of cash accounts, amounts due from central banks and postal accounts, and the net balances of demand deposits with and loans from credit institutions. Changes in cash generated by operating activities reflect cash flows generated by the Group's business, including cash flows related to held-to-maturity financial assets and negotiable debt securities.

Changes in cash generated by investing activities result from cash flows related to acquisitions and disposals of consolidated subsidiaries and associates and acquisitions and disposals of real property. Changes in cash related to financing activities comprise cash inflows and outflows from operations with shareholders, cash flows related to subordinated debt, bonds, and debt securities other than negotiable debt instruments.

Earnings per share

Earnings per share are calculated by dividing net income attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding treasury shares. Diluted earnings per share reflect the impact of potential dilution on earnings and the number of shares resulting from the exercise of options under the various plans (bonus share and stock option plans) granted by Edmond de Rothschild (France) and its subsidiaries, in accordance with IAS 33. No account is taken of plans that have no dilutive impact.

Note 3 – Analysis of balance sheet items

In thousands of euros		31/12/2021	31/12/2020
3.1.	**Cash, due from central banks and postal accounts**		
	Cash	395	299
	Central banks	2,629,542	2,053,695
	Postal accounts	-	-
	Sub-total	**2,629,937**	**2,053,994**
	Related receivables	-	-
	Total	**2,629,937**	**2,053,994**

In thousands of euros		31/12/2021	31/12/2020
3.2.	**Financial assets at fair value through profit or loss**		
	Interest rate instruments – futures and swaps	5,529	203
	Foreign exchange instruments – futures and swaps	17,797	-
	Equity and index-linked instruments – futures and swaps	4,135	4,272
	Receivables related to trading derivatives	115	133
	Sub-total - Derivatives	**27,576**	**4,608**
	Equities and other variable-income securities	-	-
	Sub-total - Other financial instruments held for trading	**-**	**-**
	Sub-total - Trading securities	**27,576**	**4,608**
	Fair value of loans and related receivables	7	11
	Subtotal - loans and receivables designated as at fair value through profit and loss	**7**	**11**
	Treasury notes and similar securities	-	2,058
	Treasury notes and similar securities - related receivables	-	21
	Sub-total - Financial assets designated as at fair value	**-**	**2,079**
	Investments in subsidiaries and associates	7	10
	Other variable-income securities	9,348	12,479
	Sub-total	**9,355**	**12,489**
	Debt instruments and similar	116,389	138,136
	Sub-total - Non-SPPI debt instruments	**116,389**	**138,136**
	Sub-total - Other financial assets at fair value through profit and loss	**125,744**	**150,625**
	Total	**153,327**	**157,323**

The total notional amount of trading derivatives was €1,257.0 million at 31 December 2021 as opposed to €1,490.8 million at 31 December 2020. The notional value of derivatives indicates only the volume of the Group's business on the financial instruments markets, without reflecting the market risks related to those instruments.

Non-SPPI debt instruments include units in non-consolidated funds held by the Group.

In thousands of euros	31/12/2021	31/12/2020
3.3. Financial assets at fair value through equity		
Treasury notes and similar securities	-	-
Bonds and other fixed-income securities	-	-
Sub-total - Debt instruments at fair value through equity with recycling	**-**	**-**
Investments in subsidiaries and associates	1,384	1,341
Equities and other variable-income securities	-	-
Sub-total - Equity instruments at fair value through equity without recycling	**1,384**	**1,341**
Total	**1,384**	**1,341**

In thousands of euros	31/12/2021	31/12/2020
3.4. Securities at amortised cost		
Treasury notes and similar securities	-	-
Bonds and other fixed-income securities	4,813	6,521
Total	**4,813**	**6,521**

In thousands of euros	31/12/2021	31/12/2020
3.5. Loans and receivables due from credit institutions, at amortised cost		
Due from credit institutions		
- Demand deposits	*43,226*	*48,609*
– Time deposits	*20,011*	-
Sub-total	**63,237**	**48,609**
Related receivables	2	1
Total gross value	**63,239**	**48,610**
Impairment	−10	−10
Total net value	**63,229**	**48,600**

In thousands of euros	31/12/2021	31/12/2020
3.6. Loans and receivables due from clients, at amortised cost		
Overdrafts	880,733	761,214
Other loans and financing		
- Loans	*541,133*	*399,112*
- Securities received under repurchase agreements	-	-
- Trade notes	-	-
Total gross value	**1,421,866**	**1,160,326**
- Of which related receivables	1,459	1,128
Impairment	−275	−141
Total net value	**1,421,591**	**1,160,185**
Fair value of loans and receivables due from clients	**1,421,898**	**1,160,492**

Impairment of loans and receivables due from clients at amortised cost

In thousands of euros	31/12/2020	Additions	Reversals	Transfers	31/12/2021
Impairment of healthy assets (Stage 1)	−30	−112	18	100	−24
Impairment of healthy assets that have deteriorated (Stage 2)	−32	−73	21	38	−46
Impairment of doubtful assets (Stage 3)	−79	−60	72	−138	−205
Total	**−141**	**−245**	**111**	**-**	**−275**

3. Pledged assets

A-Assets

	31/12/2021			
In thousands of euros	Carrying amount of pledged assets	Fair value of pledged assets	Carrying amount of non-pledged assets	Fair value of non-pledged assets
Assets of the reporting entity	15,229		4,653,098	176,277
Equity instruments			148,701	148,701
Debt securities			4,813	-
Other assets	15,229		4,499,584	27,576

B-Guarantees received

	31/12/2021	
In thousands of euros	Carrying amount of pledged assets	Fair value of pledged assets
Guarantees received by the entity concerned	-	-
Equity instruments		
Debt securities	-	-
Other guarantees received		
Own debt securities in issue, other than own covered bonds or asset-backed securities		

C-Pledged assets/guarantees received and related liabilities

	31/12/2021	
In thousands of euros	Related liabilities, contingent liabilities or loaned securities	Assets, guarantees received and own debt securities in issue, other than covered bonds or securities backed by pledged assets
Carrying amount of selected financial liabilities	-	-

Government bonds held by Financière Boréale make up most of the Edmond de Rothschild group's pledged assets, via repo transactions.

Repo transactions are involved in the management of mutual funds for which the Bank is custodian and Edmond de Rothschild Asset Management (France) is the asset manager: securities held by Financière Boréale are sold by Edmond de Rothschild (France) to the funds as part of repo transactions.

86% of the "Other assets" line item comprises the Group's assets held with the Banque de France and client loans. Intangible assets make up 3% of that item, and accruals and other assets 6%.

In thousands of euros	31/12/2021		31/12/2020	
	Assets	Liabilities	Assets	Liabilities
3.8. Accruals and other assets and liabilities				
Items under collection	3	-	12	-
Guarantee deposits paid (*)	15,229	-	92,303	-
Prepaid expenses	9,949	-	8,493	-
Accrued income	77,104	-	84,202	-
Prepaid income	-	118	-	58
Accrued expenses	-	74,926	-	84,800
Other miscellaneous assets and liabilities (**)	32,270	158,788	31,982	165,863
Total	**134,555**	**233,832**	**216,992**	**250,721**

(*) of which €2,930 thousand related to collateral at 31 December 2021 versus €30,584 thousand of guarantee deposits paid at 31 December 2020.

(**) of which €25,552 thousand related to collateral at 31 December 2021 versus €2,071 thousand of other liabilities at 31 December 2020.

In thousands of euros	31/12/2021	31/12/2020
3.9. Investments in associates		
Edmond de Rothschild (Monaco)	65,391	59,595
Elyan Partners SAS	740	-
Investments in associates	**66,132**	**59,595**

Edmond de Rothschild (Monaco)	
In thousands of euros	31/12/2021
Current assets	2,726,649
Non-current assets	52,970
Current liabilities	2,560,279
Non-current liabilities	219,341
Net banking income	80,513
Share of net income	**9,718**

	In thousands of euros	31/12/2020	Acquisitions /transfers in	Disposals/ transfers out	Other changes	31/12/2021
3.10.	**Property, plant and equipment**					
	Gross value					
	Land and buildings	59,245	-	-	3,315	62,560
	Computer hardware	32,420	1,051	-	42	33,513
	Fixtures, fittings and other property, plant and equipment	45,762	282	-	−40	46,004
	Property, plant and equipment in progress	-	-	-	-	-
	Sub-total	**137,427**	**1,333**	**-**	**3,317**	**142,077**
	Depreciation and impairment					
	Buildings	−26,451	−1,080	-	−790	−28,321
	Computer hardware	−29,541	−1,712	-	−43	−31,296
	Fixtures, fittings and other property, plant and equipment	−43,705	−652	-	42	−44,315
	Sub-total	**−99,697**	**−3,444**	**-**	**−791**	**−103,932**
	Total	**37,730**	**−2,111**	**-**	**2,526**	**38,145**

	In thousands of euros	31/12/2020	Acquisitions/ transfers in	Disposals/ transfers out	Other changes	31/12/2021
3.11.	**Intangible assets**					
	Gross value					
	Contract portfolio and other contractual rights	12,510	-	-	-	12,510
	Other intangible assets	186,137	13,119	-	-	199,256
	Intangible assets in progress	-	-	-	-	-
	Sub-total	**198,647**	**13,119**	**-**	**-**	**211,766**
	Amortisation and impairment					
	Intangible assets	−176,365	−14,070	-	-	−190,435
	Sub-total	**−176,365**	**−14,070**	**-**	**-**	**−190,435**
	Total	**22,282**	**−951**	**-**	**-**	**21,331**

	In thousands of euros	31/12/2021	31/12/2020
3.12.	**Goodwill**		
	Net carrying amount at the beginning of the period	**74,313**	**74,313**
	Acquisitions and other increases	-	-
	Disposals and other decreases	-	-
	Impairment	−388	-
	Net carrying amount at the end of the period	**73,925**	**74,313**

	Net carrying amount	
In thousands of euros	31/12/2021	31/12/2020
Edmond de Rothschild Asset Management (France)	39,891	39,891
Edmond de Rothschild REIM (France) SAS	23,800	23,800
Edmond de Rothschild Assurances et Conseils (France)	5,753	5,753
Edmond de Rothschild Corporate Finance, Paris	4,481	4,481
Edmond de Rothschild Europportunities Management II S.à r.l.	-	-
CFSH Luxembourg S. à r.l.	-	371
Other	-	17
Total	**73,925**	**74,313**

Goodwill items are tested individually for impairment. This test is performed at the same time every year or when an indication of impairment arises. The test consists of checking that the recoverable amount of an investment remains higher than its carrying amount, the recoverable amount being the higher of fair value less costs to sell and value in use.

As regards value in use, the discounted cash flow figures used are based on activity assumptions validated by management and extrapolated over a period of several years, and then indefinitely on the basis of a long-term growth rate to calculate the terminal value.

The rate used to discount future cash flows is determined with reference to market data. The growth rate used to calculate the terminal value is based on forecasts regarding economic growth and sustainable long-term inflation.

Sensitivity tests are also performed to measure the impact on value in use of changes to the discount rate and the long-term growth rate.

The approach involving fair value less costs to sell consists of determining, on the basis of the best available information, the amount (less costs to sell) that could be obtained from selling the asset in an arm's length transaction between well informed, consenting parties.

The business assumptions used to calculate Edmond de Rothschild REIM (France) SAS' goodwill were based on the business plan provided by the company's management for 2022-2024 and the application of a 1.3% perpetual growth rate to 2024 revenue.

An average discount rate of 11.5% was used, with reference to comparable companies in relation to the various types of revenue making up the company's total revenue.

Based on the assumptions used, the comparison between the Edmond de Rothschild REIM (France) SAS CGU's carrying amount and its value in use did not give rise to any impairment at 31 December 2021, and variations in key assumptions (+/- 100 basis points for the discount rate and +/- 20 basis points for the perpetual growth rate) would not lead to any impairment being recognised in the consolidated financial statements.

3.13. Non-current assets held for sale

At 31 December 2021, Edmond de Rothschld (France) still intended to sell Zhonghai and regarded this asset as a "non-current asset held for sale".

The disposal of Zhonghai has not yet been completed. The Group has taken all necessary steps to obtain the authorisations required to sell this asset and is awaiting approval from the relevant Chinese authorities.

In thousands of euros		31/12/2021	31/12/2020
3.14	**Financial liabilities at fair value through profit and loss**		
	Interest rate instruments – futures and swaps	476	950
	Interest rate instruments – options	-	-
	Foreign exchange instruments – futures and swaps	-	23,637
	Foreign exchange instruments – options	-	-
	Equity and index-linked instruments – futures and swaps	3,400	14,282
	Equity and index-linked instruments – options	-	-
	Sub-total	**3,876**	**38,869**
	Payables related to trading derivatives	324	7
	Sub-total – trading securities	**4,200**	**38,876**
	Due to credit institutions	988,391	936,693
	Due to clients	22,743	23,088
	Sub-total	**1,011,134**	**959,781**
	Related payables	1,082	1,080
	Sub-total - payables designated as at fair value through profit and loss	**1,012,216**	**960,861**
	Negotiable debt instruments	400,753	354,912
	Sub-total	**400,753**	**354,912**
	Related payables	106	102
	Sub-total - debt securities at fair value through profit and loss	**400,859**	**355,014**
	Sub-total - financial liabilities designated as at fair value through profit and loss	**1,413,075**	**1,315,875**
	Total financial liabilities at fair value through profit and loss	**1,417,275**	**1,354,751**

	31/12/2021		
In thousands of euros	Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at
Financial liabilities designated as at fair value through profit and loss	1,413,075	1,413,063	12

	31/12/2020		
In thousands of euros	Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at
Financial liabilities designated as at fair value through profit and loss	1,315,875	1,317,746	−1,871

In thousands of euros	31/12/2021 Negative market value	31/12/2021 Positive market value	31/12/2020 Negative market value	31/12/2020 Positive market value
3.15. Hedging derivatives				
Hedging the value of non-derivative financial instruments	**-**	**-**	**-**	**-**
- Foreign exchange derivatives	-	-	-	-
- Interest-rate derivatives	-	-	-	-
Hedging future gains/losses from non-derivative financial	**-**	**-**	**-**	**-**
- Foreign exchange derivatives	-	-	-	-
- Interest-rate derivatives	-	-	-	-
Hedging derivatives	**-**	**-**	**-**	**-**

In thousands of euros	31/12/2021	31/12/2020
3.16 Due to credit institutions		
- Demand deposits	51,278	22,143
– Time deposits	-	-
Sub-total	**51,278**	**22,143**
Related payables	-	-
Total due to credit institutions	**51,278**	**22,143**

In thousands of euros	31/12/2021 Demand deposits	31/12/2021 Time deposits	31/12/2021 Total	31/12/2020 Demand deposits	31/12/2020 Time deposits	31/12/2020 Total
3.17. Due to clients						
Special savings accounts						
- Special savings accounts	-	*103,158*	*103,158*	-	*100,802*	*100,802*
- Related payables	-	-	-	-	-	-
Sub-total	**-**	**103,158**	**103,158**	**-**	**100,802**	**100,802**
Other payables						
- Demand deposits	*2,296,837*	-	*2,296,837*	*1,587,883*	-	*1,587,883*
- Time deposits	-	*54,188*	*54,188*	-	*98,703*	*98,703*
- Securities delivered under repurchase	-	-	-	-	-	-
- Other miscellaneous payables	-	*34,000*	*34,000*	*2,054*	*41,000*	*43,054*
- Related payables	-	*5*	*5*	-	*19*	*19*
Sub-total	**2,296,837**	**88,193**	**2,385,030**	**1,589,937**	**139,722**	**1,729,659**
Total	**2,296,837**	**191,351**	**2,488,188**	**1,589,937**	**240,524**	**1,830,461**
Fair value of amounts due to clients			**2,488,188**			**1,830,461**

In thousands of euros	Legal and tax risks	Post-employment benefit obligations	Loan and guarantee commitments	Losses on contracts	Other provisions	Total carrying amount
3.18 Provisions						
Balance at 31/12/2020	**-**	**12,068**	**-**	**-**	**11,201**	**23,269**
Additions	-	241	-	-	4,685	4,926
Amounts used	-	-	-	-	−3,478	−3,478
Unused amounts reversed to profit and loss	-	-	-	-	−862	−862
Other movements	-	−5,965	-	-	−8	−5,973
Balance at 31/12/2021	**-**	**6,344**	**-**	**-**	**11,538**	**17,882**

Other provisions include provisions relating to the “additional supplementary” pension plan (detailed in Note 6.1.A.) and to the AIMF directive at Edmond de Rothschild Asset Management (France).

3,19 Equity instruments: undated super-subordinated notes

In June 2007, the Bank issued €50 million of undated super-subordinated notes. After discussions with one of the noteholders, the Bank made an offer to repurchase part of the notes with a nominal amount of €29 million, at a discount of 7.5%. After obtaining the authorisation of the Autorité de Contrôle Prudentiel on 12 July 2013, €29 million of notes were repurchased and cancelled in August 2013.

In the event of the issuer’s liquidation, holders of these notes will be paid only after other creditors but before holders of participating loans or participating securities.

The undated super-subordinated notes carry financial covenants:

- non-payment of interest in the event of insufficient capital related to non-compliance with prudential capital adequacy ratios or a deterioration in the Bank’s financial position;

- reduction of accrued interest due and payable and then of the nominal value of the notes if the Bank has not taken action to remedy the capital situation within a specific period.

Given the discretionary nature of the decision on the payment of interest on the super-subordinated notes, which is related to the payment of dividends, these notes have been classified as equity instruments and related reserves.

The main financial characteristics of these notes are as follows:

Issue date	Optional early redemption date (call option)	Rate until early redemption	Rate after early redemption	Interest step-up from the optional early redemption date
June 2007	June 2017 then quarterly	6.36% (1)	3-month Euribor + 2.65%	+ 100 basis points

(1) Rate fixed by reference to the 10-year swap rate in euros at 4 June 2007: 4.71% + 1.65.

3.20. Netting of financial assets and liabilities

At 31 December 2021 In thousands of euros	Gross amounts of financial assets	Amounts netted on the balance sheet	Net amounts stated on the balance sheet	Impact of netting and similar agreements	Financial instruments received as collateral	Net amounts
Financial assets at fair value through profit and loss						
-Trading securities	28,745	−1,169	27,576	-	−25,552	2,024
-Financial assets designated as at fair value	-	-	-	-	-	-
-Other financial assets at fair value through profit and loss	125,751	-	125,751	-	-	125,751
Financial assets at fair value through equity	1,384	-	1,384	-	-	1,384
Securities at amortised cost	4,813	-	4,813	-	-	4,813
Loans and receivables due from credit institutions and customers at amortised cost	1,484,820	-	1,484,820	-	-	1,484,820
-Of which repurchase transactions	-	-	-	-	-	-
Accruals and other assets	134,555	-	134,555	-	-	134,555
-Of which guarantee deposits granted	*15,229*	-	*15,229*	-	-	*15,229*
Other assets not subject to netting	2,888,669	-	2,888,669	-	-	2,888,669
TOTAL ASSETS	**4,668,737**	**−1,169**	**4,667,568**	**-**	**−25,552**	**4,642,016**

At 31 December 2021 In thousands of euros	Gross amounts of financial liabilities	Amounts netted on the balance sheet	Net amounts stated on the balance sheet	Impact of netting and similar agreements	Financial instruments provided as collateral	Net amounts
Financial liabilities at fair value through profit and loss						
-Trading securities	5,368	−1,169	4,200	-	−2,930	1,270
-Liabilities designated as at fair value through profit and loss	1,012,216	-	1,012,216	-	-	1,012,216
-Debt securities designated at fair value through profit and loss	400,859	-	400,859	-	-	400,859
Due to credit institutions and clients	2,539,466	-	2,539,466	-	-	2,539,466
-Of which repurchase transactions	-	-	-	-	-	-
Accruals and other liabilities	233,833	-	233,833	-	-	233,833
-Of which guarantee deposits received	*25,552*	-	*25,552*	-	-	*25,552*
Other liabilities not subject to netting	19,879	-	19,879	-	-	19,879
TOTAL LIABILITIES	**4,211,621**	**−1,169**	**4,210,453**	**-**	**−2,930**	**4,207,523**

At 31 December 2020 In thousands of euros	Gross amounts of financial assets	Amounts netted on the balance sheet	Net amounts stated on the balance sheet	Impact of netting and similar agreements	Financial instruments received as collateral	Net amounts
Financial assets at fair value through profit and loss						
-Trading securities	11,356	−6,748	4,608	-	−2,071	2,537
-Financial assets designated as at fair value	2,079	-	2,079	-	-	2,079
-Other financial assets at fair value through profit and loss	150,636	-	150,636	-	-	150,636
Financial assets at fair value through equity	1,341	-	1,341	-	-	1,341
Securities at amortised cost	6,521	-	6,521	-	-	6,521
Loans and receivables due from credit institutions and customers at amortised cost	1,208,785	-	1,208,785	-	-	1,208,785
-Of which repurchase transactions	-	-	-	-	-	-
Accruals and other assets	216,992	-	216,992	-	-	216,992
-Of which guarantee deposits granted	*92,303*	-	*92,303*	-	-	*92,303*
Other assets not subject to netting	2,318,982	-	2,318,982	-	-	2,318,982
TOTAL ASSETS	**3,916,692**	**−6,748**	**3,909,944**	**-**	**−2,071**	**3,907,873**

At 31 December 2020 In thousands of euros	Gross amounts of financial liabilities	Amounts netted on the balance sheet	Net amounts stated on the balance sheet	Impact of netting and similar agreements	Financial instruments provided as collateral	Net amounts
Financial liabilities at fair value through profit and loss						
-Trading securities	45,624	−6,748	38,876	-	−30,584	8,292
-Liabilities designated as at fair value through profit and loss	960,861	-	960,861	-	-	960,861
-Debt securities designated at fair value through profit and loss	355,014	-	355,014	-	-	355,014
Due to credit institutions and clients	1,852,604	-	1,852,604	-	-	1,852,604
-Of which repurchase transactions	-	-	-	-	-	-
Accruals and other liabilities	250,721	-	250,721	-	-	250,721
-Of which guarantee deposits received	*2,071*	-	*2,071*	-	-	*2,071*
Other liabilities not subject to netting	24,655	-	24,655	-	-	24,655
TOTAL LIABILITIES	**3,489,479**	**−6,748**	**3,482,731**	**-**	**−30,584**	**3,452,147**

Note 4 – Analysis of income statement items

In thousands of euros		2021	2020
4.1.	**Interest and similar revenues**		
	Interest and other revenues on loans and receivables due from credit institutions	**627**	**631**
	- Demand deposits and interbank loans	627	631
	- Loan and guarantee commitments	-	-
	- Repurchase transactions	-	-
	Interest and other revenues on loans and receivables due from clients	**13,638**	**10,676**
	- Demand deposits and loans	13,638	10,676
	- Repurchase transactions	-	-
	Interest on financial instruments	**26,231**	**7,832**
	- Debt instruments at amortised cost	44	42
	- Financial assets at fair value through equity	-	-
	- Financial assets designated as at fair value through profit and loss	49	70
	- Interest on derivatives	26,138	7,720
	Total interest and similar revenues	**40,496**	**19,139**

In thousands of euros		2021	2020
4.2.	**Interest and similar expenses**		
	Interest and other expenses on loans and payables due to credit institutions, at amortised cost	**−12,785**	**−16,129**
	- Demand deposits and interbank loans	−12,585	−16,129
	- Loan and guarantee commitments	−200	-
	- Repurchase transactions	-	-
	Interest and other expenses on payables due to clients, at amortised cost	**−152**	**−381**
	- Demand deposits and loans	−152	−381
	- Loan and guarantee commitments	-	-
	- Repurchase transactions	-	-
	Interest on financial instruments	**−26,189**	**−8,458**
	- Debt securities	−14,434	−8,475
	- Interest on derivatives	−11,755	17
	Interest and expenses on lease liabilities	**−285**	**−354**
	Total interest and similar expenses	**−39,411**	**−25,322**

		2021		2020	
In thousands of euros		Income	Expense	Income	Expense
4.3.	**Fees**				
	Cash and interbank transactions	20	−11	-	−5
	Transactions with clients	663	-	281	-
	Securities transactions	-	-	-	-
	Foreign exchange transactions	55	-	38	-
	Off-balance sheet transactions				
	- Securities commitments	*673*	-	*1,019*	-
	- Commitments on forward financial instruments	*2,005*	*−1,151*	*5,165*	*−3,537*
	Financial services	414,354	−89,261	341,586	−79,135
	Additions to/reversals of provisions	-	-	-	-
	Total fees	**417,770**	**−90,423**	**348,089**	**−82,677**

In thousands of euros	2021 Trading portfolio	2021 Portfolio designated as at fair value	2020 Trading portfolio	2020 Portfolio designated as at fair value
4.4. Net gains or losses on financial instruments at fair value through profit				
Net gains or losses on financial assets held for trading	-	5,060	-	−761
Net gains or losses on financial liabilities at fair value through profit and loss	-	−12,622	-	17,359
Net gains or losses on derivatives	18,570	-	−16,384	-
Net gains or losses on foreign exchange transactions	12,106	-	18,375	-
Net gains or losses on equity instruments at fair value through profit and loss	30	-	−406	-
Net gains or losses on non-SPPI debt instruments (*)	8,570	-	11,912	-
Total net gains or losses on financial instruments at fair value through	**39,276**	**−7,562**	**13,497**	**16,598**

In thousands of euros	2021	2020
4.5. Net gains or losses on financial assets at fair value through equity		
Dividends received on equity instruments at fair value through equity	419	899
Net gains or losses on financial assets at fair value through equity	-	-
Total net gains or losses on financial assets at fair value through equity	**419**	**899**

In thousands of euros	2021	2020
4.6. Revenues and expenses relating to other activities		
Expenses transferred to other companies	1,705	2,067
Other ancillary income	1,405	1,567
Miscellaneous	10,706	7,158
Revenues from other activities	**13,816**	**10,792**
Revenues transferred to other companies	−16,412	−13,568
Miscellaneous	−760	−2,794
Expenses relating to other activities	**−17,172**	**−16,362**

In thousands of euros		2021	2020
4.7.	**General operating expenses**		
	Wages and salaries	−109,609	−87,243
	Pension expenses	−8,324	−8,158
	Social security expenses	−42,821	−36,205
	Employee incentive plans	−136	−249
	Mandatory employee profit-sharing	−7,429	−4,151
	Payroll taxes	−8,668	−8,989
	Additions to provisions for personnel expenses	−4,471	−7,004
	Reversals of provisions for personnel expenses	3,086	6,276
	Sub-total - Personnel expenses	**−178,372**	**−145,723**
	Taxes other than income tax	−4,164	−4,710
	Rental expenses	−3,981	−3,536
	External services	−76,225	−73,528
	Travel expenses	−1,001	−907
	Miscellaneous operating expenses	-	-
	Additions to provisions for administrative expenses	−37	-
	Reversals of provisions for administrative expenses	-	-
	Sub-total - Administrative expenses	**−85,408**	**−82,681**
	Total general operating expenses	**−263,780**	**−228,404**

In thousands of euros		2021	2020
4.8.	**Cost of risk**		
	Additions to provisions for credit risk	−373	−132
	Net losses on receivables written off	−761	−1,205
	Reversals of impairment relating to credit risk	855	1,268
	Reversals of provisions	-	-
	Amounts recovered on receivables formerly written off	42	10
	Total cost of risk	**−237**	**−59**

In thousands of euros		2021	2020
4.9.	**Gains or losses on other assets**		
	Losses on sales of intangible assets and property, plant and equipment	-	-
	Gains on sales of intangible assets and property, plant and equipment	-	-
	Gain/(loss) on disposals of investments in subsidiaries and associates	−119	−60
	Total net gains or losses on other assets	**−119**	**−60**

	In thousands of euros	2021	2020
4.10.	**Income tax expense and effective tax rate**		
	Consolidated net income	**54,275**	**27,411**
	Income tax expense	**22,880**	**10,496**
	Income before tax	**77,155**	**37,907**
	Non-deductible provisions and expenses	8,111	9,508
	Parent company/subsidiary exemption regime and related adjustments	1,487	744
	Share of net income of associates	−11,116	−8,202
	Untaxed consolidation adjustments	9,643	6,559
	Miscellaneous non-taxable revenues and other deductions	−16,043	−20,943
	Items taxed at reduced rates	−1,838	2,122
	Income before tax taxable at standard rate	**67,399**	**27,695**
	Tax rate	28.41%	32.02%
	Theoretical tax expense at standard rate	**19,148**	**8,868**
	Income before tax taxable at reduced rate	**1,838**	**−2,122**
	Tax rate	15.50%	15.50%
	Theoretical tax expense at reduced rate	**285**	**−329**
	Theoretical tax expense	**19,433**	**8,539**
	Unrecognised tax losses arising in the period	3,779	1,914
	Unrecognised tax losses used	−654	−110
	Tax credits	−12	−12
	Effect of different tax rates applying to foreign entities	257	−207
	Tax assessments and tax income relating to previous periods	−75	298
	Other	152	74
	Calculated income tax	**22,880**	**10,496**
	- Of which current tax expense	*25,970*	*9,665*
	- Of which deferred tax	*−3,090*	*831*
	Income before tax	77,155	37,907
	Income tax expense	22,880	10,496
	Average effective tax rate	**29.65%**	**27.69%**
	Standard tax rate in France	28.41%	32.02%
	Effect of permanent differences	−2.92%	−10.42%
	Effect of reduced-rate taxation	−0.31%	0.92%
	Effect of different tax rates applying to foreign entities	0.33%	−0.55%
	Effect of losses for the period and use of tax loss carryforwards	4.05%	4.76%
	Effect of other items	0.09%	0.96%
	Average effective tax rate	**29.65%**	**27.69%**

.

Note 5 – Note on commitments

In thousands of euros	31/12/2021	31/12/2020
Commitments given		
Loan commitments		
To credit institutions	-	-
To clients	414,331	282,507
Guarantee commitments		
To credit institutions	15,443	15,443
To clients	66,646	40,029
Commitments received		
Loan commitments		
From credit institutions	-	-
From clients	-	-
Guarantee commitments		
From credit institutions	121,559	1,981
From clients	-	-

Note 6 – Employee benefits and share-based payments

6.1. Employee benefits under IAS 19

In accordance with IFRS 1 First-time adoption of IFRSs, since 1 January 2006 the Group has measured and recognised employee benefits under the rules set out in IAS 19.

When it first applied IFRSs, the Group opted to apply the exception allowed in IFRS 1, allowing all actuarial gains and losses not amortised at 1 January 2006 to be taken to equity at that date.

6.1.A. Pension costs – Defined-benefit plans

An additional supplementary pension plan set up in December 2004 was closed on 31 December 2012, although its provisions were maintained for beneficiaries born before 31 December 1953.
It applies to a category of executives for whom the existing basic and complementary pension plans provide a significantly lower rate of income replacement than for other categories of personnel.
This plan is a defined-benefit plan expressed in terms of the overall final pension (limited in time) or in terms of the top-up pension it provides in addition to the basic pensions.
Payment of benefits is conditional on the employee remaining in the company until retirement. The plan provides for the purchase of an annuity upon retirement to settle the obligation to the beneficiary.
The beneficiaries of this additional supplementary pension plan are senior management, members of the General Management Committee, and senior executives defined in the 35-hour working week agreement as executives not covered by the normal classification.
The basis for determining the reference remuneration and calculating the additional pension is gross annual salary plus bonuses received, before any applicable tax or social security charges.
The guaranteed additional pension is equal to 10% of the reference remuneration between four and eight times the annual limit defined by French social security legislation at the date of settlement of the pension, plus 20% of the portion of the reference remuneration between 8 and 22 times that limit.

This additional pension is payable in addition to the mandatory basic and supplementary pensions. Gains and losses resulting from its first application are treated in accordance with the rules for changes of accounting method.

The Group therefore allocated the impact of this change of method, net of deferred taxes, to equity at the date of its first application (€8.381 million). That impact resulted from the recognition of previously unrecognised post-employment benefits, in a pre-tax amount of €12.825 million. Benefit commitments were discounted at the rate of 4.25%.

The value of the commitments at 31 December 2021 was determined by qualified actuaries, applying the following assumptions:

- discount rate of 0.87% according to the duration of the plan (0 year);
- inflation rate of 1.75% according to the duration of the plan (0 year);
- expected return on plan assets of 0.87%;
- expected rate of salary increases, net of inflation, of -1.75%.

The discount rate was determined on the basis of the average yields observed on bonds maturing in 10 years or more issued by eurozone companies with Aa ratings (the benchmark being the iBoxx € corporates index) and the extrapolation of the yield curve in line with the ECB's government bond curve.

Taxation of annuities: Article 113 of French act 2003-775 of 21 August 2003 on pension reform alters the way in which social security contributions, the general social contribution (CSG) and the tax to repay social-security debt (CRDS) apply to employers' contributions to funding pension benefits. In return for exempting contributions from social security charges, a tax payable exclusively by the company was established.
The 2010 social security financing act doubled the tax levied on annuities exceeding one third of the annual social security ceiling, raising it from 8% to 16% for any annuity paid from 1 January 2010.
The 2011 social security financing act subsequently modified the basis for applying this tax. The allowance was eliminated and the 16% tax thus applied from the first euro of the annuity, for all annuities paid after 1 January 2001.
The Group had previously opted for the tax on annuities, but at the end of 2011 it chose to change options as allowed by the 2011 social security financing act for defined-benefit plans consistent with Article L. 137-11.

It is now taxed at 12% based on all contributions paid into the fund.
That rate is set by Article 32 of France's 16 August 2012 mini-budget at 24% for all payments in respect of periods beginning after 31 December 2012.

At 31 December 2021, the amount of commitments came to €25.232 million before tax and the fair value of assets was €23.822 million, resulting in a provision of €1.410 million.

Financial assets representing commitments (for the additional supplementary pension)

Portfolio structure	31/12/2021	31/12/2020
Equities	46.30%	34.30%
Bonds	44.60%	51.50%
Real estate	8.10%	13.20%
Money market and other	1.00%	1.00%
Return on plan assets	0.87%	0.48%

Defined-benefit post-employment benefits (additional supplementary pension)

In thousands of euros	31/12/2021	31/12/2020
Present value of the commitment	25,232	26,996
- Value of plan assets	−23,822	−21,628
Financial position of plan	**1,410**	**5,368**
- Unrecognised past service cost	-	-
Provision	**1,410**	**5,368**

6.1.B. Termination benefits for retiring employees

Termination benefits for retiring employees are a post-employment benefit and are part of the defined-benefit plan category.

Entitlements to termination benefits for retiring employees in Group companies are defined by the following collective agreements:

- - the French national collective agreement for banks (no. 2120) for all companies;
- - the French national collective agreement for insurance and/or reinsurance brokerage firms (no. 2247) for Edmond de Rothschild Assurances et Conseils (France).

The following remuneration basis is used to calculate the benefit payable to retiring employees:

- for the national collective agreement for banks, 1/13th of the average remuneration the beneficiary received or would have received over the past 12 months, excluding any standard or exceptional bonus and any variable component of pay;
- for the national collective agreement for insurance brokerages, 1/12th of the remuneration the beneficiary received or would have received over the past 12 months.

The compensation cannot be lower than the retirement compensation defined by French employment law.

These arrangements are not funded by an insurance policy.

The actuarial method used to value the liability is the projected unit credit method.

Actuarial gains and losses on the plan for termination benefits for retiring employees are recorded in other comprehensive income. The Group has opted to apply the amendment to IAS 19 allowing actuarial gains and losses related to experience adjustments and/or changes in assumptions to be recognised in equity. The selected discount rate of 0.87% is based on the yields on long-term corporate bonds at the time of measurement (yield shown by the iBoxx € Corporate AA 10+ index) and on the extrapolation of the yield curve in line with the ECB's government bond curve.

The gross liability was €6.700 million at 31 December 2020 and €4.934 million at 31 December 2021.

Service cost was €245 thousand in 2021, the cost of discounting was €35 thousand, actual benefits paid came to €63 thousand and the actuarial loss with respect to 2021 was €1.224 thousand. The impact of the regulatory change arising from the IFRS IC's decision was €759 thousand.

Defined-benefit post-employment benefits (additional supplementary pension and termination benefits for retiring employees)

Breakdown of the expense recognised

In thousands of euros	31/12/2021	31/12/2020
Current period service cost	−182	−551
Interest cost	−209	−303
Expected return on plan assets	150	196
Net expense recognised	**−241**	**−658**

Defined-benefit post-employment benefits

Main actuarial assumptions (termination benefits for retiring employees)	31/12/2021	31/12/2020
Discount rate	0.87%	0.48%
Expected long-term inflation rate	1.75%	1.75%
Salary increase		
- Clerical workers	2.00%	2.75%
- Executives and senior management	2.50%	3.25%
- Senior executives	3.00%	3.75%
Rate of employer’s social security charges and taxes	59.44%	61.90%
Mortality rates	THTF 14 16	THTF 13 15

Main actuarial assumptions (additional supplementary pension)	31/12/2021	31/12/2020
Discount rate	0.87%	0.48%
Salary increase rate, net of inflation	−1.75%	0.50%
Average remaining working life of employees	0 year	0 year
Mortality rates	TGH -TGF 05	TGH -TGF 05

Analysis of sensitivity of post-employment benefit commitments to changes in the main actuarial assumptions

Impact of the change (additional supplementary pension)	31/12/2021
Change of -0.50% in the discount rate: 0.37% (0.87% - 0.50%)	
– Impact on present value of commitments at 31 December 2021	0.00%
– Impact on net total expense in 2021	−57.47%
Change of +0.50% in the discount rate: 1.37% (0.87% + 0.50%)	
– Impact on present value of commitments at 31 December 2021	0.00%
– Impact on net total expense in 2021	57.48%

Defined-benefit post-employment benefits (additional supplementary pension and termination benefits for retiring employees)

Change in provision

In thousands of euros	31/12/2021	31/12/2020
Provision/asset at the beginning of the period	**12,068**	**12,137**
– Expense recognised in profit and loss	*304*	*768*
- Benefits directly paid by the employer (unfunded)	*−63*	*−110*
- Changes in consolidation scope (acquisitions and disposals)	*-*	*-*
- Actuarial gains and losses	*−5,206*	*−727*
- Other movements	*−759*	*-*
Provision/asset at the end of the period	**6,344**	**12,068**

Defined-benefit post-employment benefits (additional supplementary pension and termination benefits for retiring employees)

Recognition of commitments

In thousands of euros	31/12/2021	31/12/2020
Change in the value of commitments		
Present value of the commitment at the beginning of the period	33,696	34,910
- Past service cost	*245*	658
- Discount expense	*209*	303
- Employee contributions	*-*	-
- Actuarial gains or losses	*−2,096*	−1,005
- Benefits paid by the employer and/or the fund	*−1,129*	−1,170
- Changes in consolidation scope (acquisitions and disposals)	*-*	-
- Other movements	*−759*	-
Total present value of the commitment at the end of the period (A)	**30,166**	**33,696**
Change in plan assets and reimbursement rights		
Fair value of plan assets at the beginning of the period	21,628	22,773
- Return on plan assets	*150*	*196*
- Actuarial gains or losses	*3,110*	*−281*
- Benefits paid by the fund	*−1,066*	*−1,060*
Fair value of plan assets at the end of the period (B)	**23,822**	**21,628**
Funding status		
Financial position (A) - (B)	6,344	12,068
Provision / asset	**6,344**	**12,068**

The updated Remuneration Policy for 2021, published on the Group's intranet (France section), was validated by the Supervisory Board after a favourable opinion from the Remuneration Committee and the Executive Board.

The Group applies the aforementioned professional standards, taking into account individual employee performance, competition in its markets, its strategy, long-term objectives and the interests of shareholders.

Regulatory environment

BANKING INDUSTRY

The Decree of 3 November 2009 and the professional standards of the French Banking Federation have required financial institutions to regulate variable remuneration payment practices for financial market professionals and executives, to ensure that financial institutions have a level of equity that would not expose them to risk.

The Decree of 13 December 2010 extends the FBF standards issued on 5 November 2009 – which were reserved for financial market executives and professionals, defined as employees whose performance and remuneration are linked to market instruments – to "risk-taker" employees and all employees within an equivalent remuneration bracket and whose professional activities are likely to have an impact on the firm's risk profile. It also adopted the FBF criteria regarding payment of variable remuneration to the employees concerned.

Since 2015, remuneration-related regulations have been based on CRD IV (Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, replacing CRD III in force since 2011), which was transposed into French law by the order of 3 November 2014, as amended by Directive (EU) 2019/878 (CRD V), which was transposed into French law in particular by decree 2020-1637 of 22 December 2020 and order 2020-1635 of 21 December 2020.

ASSET MANAGEMENT INDUSTRY

On 23 November 2010, the AFG, AFIC and ASPIM issued common provisions on the remuneration policies of asset management companies.

Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers (AIFMD), transposed into French law by order 2013-676 of 27 July 2013, took effect in 2015 and therefore applied to variable remuneration allotted in March 2016.

Directive 2014/91/EU, known as UCITS V (where UCITS stands for Undertakings for Collective Investment in Transferable Securities), transposed into French law by government order 2016-312 of 17 March 2016, came into force in 2017 (bonuses paid in March 2018).

Its provisions are very similar to those of the AIMFD.

Governance and formalisation of existing practices

In accordance with the aforementioned texts, an annual report on the variable remuneration of the employees concerned is to be sent to France's prudential supervision and resolution authority (Autorité de Contrôle Prudentiel et de Résolution). The process for determining remuneration and the resulting budgets must be examined by the Bank's Remuneration Committee and submitted to the Supervisory Board for validation.

The Bank's system

1 – "Risk-taker" or "Identified" staff members in accordance with CRD IV

The employees concerned are:

- Members of the Executive Committee, the Executive Board (or Board of Directors as the case may be) and Senior Management
- Heads of Control Functions (Audit, Risk Management, Compliance) and those with managerial responsibilities who report to them
- Heads of Business Units and those with managerial responsibilities that report to them
- Heads of certain Support Functions (including Finance, HR, IT, Legal etc.)
- Heads of Risk Management and Permanent Members of Risk Committees
- Heads of New Products and Permanent Members of New Products Committees
- Managers of Risk-Takers
- Total remuneration of €500,000 or more and/or employees in the top 0.3% in terms of remuneration
- Employees whose total remuneration is at least equal to that of the Senior Management member with the lowest remuneration

The calculation of variable remuneration for "risk-taker" employees complies with the following guidelines:

Bonuses are partially deferred on a straight-line basis over a minimum of three years when they reach a certain level of variable remuneration.

As regards variable remuneration with respect to 2021 that has reached a certain threshold, 40-60% will be paid in cash and/or instruments and spread over three years.

The Bank has put in place an instrument to pay cash remuneration, deferred over three years in three equal instalments, linked to the share price of Edmond de Rothschild Holding S.A. (the unlisted Swiss holding company of the Edmond de Rothschild group), known as the Group Performance Plan.

2 – Managers, sales staff of asset management companies

Under the AIFM and UCITS V Directives, Edmond de Rothschild Asset Management (France) has adjusted its remuneration policy, and particularly its practices in terms of deferred variable remuneration for fund managers and other categories of staff covered by the Directives ("Material Risk-Takers").

The main characteristics of the policy are as follows:

- 40-60% of the variable remuneration granted to a beneficiary is deferred for three years,
- at least 50% of the variable remuneration (both deferred and immediate) is linked to a basket of securities that represents the Group's various asset-management skills,
- payment of deferred remuneration is subject to beneficiaries' continued employment within the company and the various conditions set out in the AIFM and UCITS V Directives (no excess risk-taking, company's financial position etc.), which may reduce its amount between the initial grant date and vesting date.

To enable the company to cope with a sharp increase in the basket's value, a hedging mechanism has been set up.

Remuneration expense is recognised gradually to reflect the fact that its vesting depends on the beneficiaries' continued employment within the company.

Where the fund's returns increase, the hedged portion of the variable remuneration payable will not be remeasured. The hedging asset will continue to be measured at historical cost. The unhedged portion will be covered by a provision.

If the fund's returns decrease, the hedging asset will be written down (to market value), and the variable remuneration payable will be reduced.

Employee Share Plan

The Edmond de Rothschild group has adopted a plan under which shares in Edmond de Rothschild Holding S.A. (EdRH, the unlisted Swiss holding company of the Edmond de Rothschild group) are granted free of charge to certain Group employees ("Beneficiaries").

This plan is intended to increase retention of key staff and help ensure that the interests of employees and shareholders are aligned.

The plan's main characteristics are as follows:

- The Beneficiaries are granted rights to receive EdRH shares over a three-year vesting period (one third per year, i.e. tranches vesting in March N+2, March N+3 and March N+4).
- The Beneficiaries own the shares on the vesting date, but they only acquire economic rights, not voting rights. They have the status of "participation certificates" under Swiss law.
- The shares received can only be sold after the lock-up period has expired.
- The timeframe for selling them is limited, since each year's plan has a seven-year life. Shares can only be sold back to Edmond de Rothschild Holding S.A.

Participation certificates will be transferred to Edmond de Rothschild (France) beneficiaries by Edmond de Rothschild Holding S.A.

Under the contract between Edmond de Rothschild Holding S.A. and Edmond de Rothschild (France), Edmond de Rothschild Holding S.A. bills Edmond de Rothschild (France) for the cost of acquiring its own shares to be transferred to French beneficiaries.

An expense is recorded with respect to services rendered by employees. Since there is no undertaking to pay any cash sum to employees, the plan qualifies as equity-settled (IFRS 2.43B), which has the following accounting consequences:

- An expense is determined at the grant date and is not subsequently remeasured, except to take account of changes in service and/or performance conditions (IFRS 2.B57).

- The expense is spread over the period during which the services are rendered, with a balancing entry in an equity account representing the parent company's contribution (IFRS 2.B53).

- That period is the period during which the beneficiaries render services to the Group on the basis of the conditions of continued employment that must be met for the rights to vest. The expense for the 2021 is being spread between 1 January 2021 and the vesting dates, i.e. over 2.25, 3.25 and 4.25 years for the tranches due to vest in March 2023, March 2024 and March 2025 respectively.

In 2021, the net expense relating to the Group's Employee Share Plan was €3,063 thousand as opposed to net income of €117 thousand in 2020.

Note 7 – Additional information

	Percentage held		Percentage controlled	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
7.1. Scope of consolidation				
Consolidating entity				
Bank				
• Edmond de Rothschild (France)				
Controlled companies				
Holding companies				
• Financière Boréale	100.00	100.00	100.00	100.00
• EdR Real Estate (Eastern Europe) Cie SàRL *	62.73	62.73	62.73	62.73
• CFSH Luxembourg SARL *	100.00	100.00	100.00	100.00
• CFSH Secondary Opportunities SA *	-	100.00	-	100.00
• Edmond de Rothschild Europportunities Invest II SARL *	58.33	58.33	58.33	58.33
• Bridge Management SARL *	99.99	99.99	100.00	100.00
Asset management companies				
• Edmond de Rothschild Asset Management (France)	99.99	99.99	99.99	99.99
• Edmond de Rothschild Private Equity (France)	100.00	100.00	100.00	100.00
• Edmond de Rothschild Europportunities Management SARL *	100.00	100.00	100.00	100.00
• Edmond de Rothschild Europportunities Management II SARL *	72.36	68.68	72.36	68.68
• EdR Real Estate (Eastern Europe) Management SàRL *	100.00	100.00	100.00	100.00
• ERES IV GP SAS	100.00	-	100.00	-
• LCFR UK PEP Limited *	-	100.00	-	100.00
• Edmond de Rothschild Asset Management (Hong Kong) Limited *	99.99	99.99	100.00	100.00
• Edmond de Rothschild Investment Partners China SARL *	100.00	100.00	100.00	100.00
• Edmond de Rothschild REIM (France)	100.00	100.00	100.00	100.00
• EDR Immo Magnum	100.00	100.00	100.00	100.00
Advisory companies				
• Edmond de Rothschild Corporate Finance	100.00	100.00	100.00	100.00
Insurance company				
• Edmond de Rothschild Assurances et Conseils (France)	100.00	100.00	100.00	100.00
Bank				
• Financière Eurafrique	100.00	100.00	100.00	100.00
Other				
• Edmond de Rothschild Boulevard Buildings Ltd *	100.00	100.00	100.00	100.00
• Groupement Immobilière Financière	100.00	100.00	100.00	100.00
• Immopéra	99.92	99.92	99.92	99.92
Associates				
Bank				
• Edmond de Rothschild (Monaco)	36.93	36.93	36.93	36.93
Asset management companies				
• Elyan Partners SAS	49.00	-	49.00	-
• ERAAM	34.00	34.00	34.00	34.00

* Foreign company.

		31/12/2021	31/12/2020
7.2.	**Average number of employees**		
	French companies	732	712
	- Operatives	*68*	*63*
	- Executives and senior management	*664*	*649*
	Foreign companies	59	63
	Total	**791**	**775**

Pursuant to the provisions of the French Commercial Code, the Group publishes a breakdown by category of its average workforce during the period.

The number of workers employed part-time or for less than the full year is taken into account in proportion to the average time worked as compared to the full-time hours laid down by agreement or statute.

7.3. Unconsolidated special purpose entities

A special purpose entity is an entity designed so that voting rights or similar rights are not the determining factor in establishing control over the entity.
The Group carries out transactions with sponsored special purpose entities through its fund management activities. Funds are offered to institutional and individual clients, and the Group handles distribution and commercial monitoring in respect of the funds.

In 2021, €24.6 million was invested with respect to sponsoring (for a total exposure of €65.9 million at 31 December 2021). No new commitments were taken in 2021, and so the residual amount at end-2021 was €20.1 million.
The Group uses a “carried interest” mechanism, in line with market practices.

7.4. Post-balance sheet events

Russia’s invasion of Ukraine, which began on 24 February 2022, has led to the closure of the Russian financial markets and numerous sanctions on Russian interests. We have taken all necessary steps to manage market risks, anticipate any failure by our partners and subcontractors to perform their obligations, and increase the security of our IT system.

The bank’s business activities are not materially sensitive to any risks (business activity, financial, operational) arising from the Ukraine crisis in terms of:

- Business activity risks: we have no business flows with correspondents or companies in Russia, Ukraine or Belarus;
- Financial risks:
    - we have no Russian, Ukrainian or Belarusian banking counterparties;
    - we have no banking correspondents in Russian roubles or Ukrainian hryvnia;

Operational risks: we do not currently have any transactions, for our own account or on behalf of a client, with Russian companies or on the Russian territory. In this risk category, like all companies we cannot rule out the risk of a cyberattack, but there is nothing at the moment to suggest that we might be specifically targeted.

At the time of writing, it is too early to assess all the direct and indirect effects arising from this crisis.

The consolidated annual financial statements contained in this document were finalised by the Executive Board on 1 March 2022 and will be presented for approval at the Annual General Meeting of 4 May 2022.

7.5. Disclosures concerning capital

Pursuant to French Banking and Financial Regulation Committee regulation 2000-03, the solvency ratio is assessed at the level of Edmond de Rothschild (France), which meets capital adequacy requirements.

At 31 December 2021, the share capital of Edmond de Rothschild (France) amounted to €83,075,820, consisting of 5,538,388 shares with nominal value of €15 each.

7.6. Statutory auditors' fees

Statutory auditors' fees shown in the income statement for the 2021 financial year are as follows:

In thousands of euros	PwC	Grant Thornton	Other	2021	2020
Fees for statutory audit, certification and examination of the parent company and consolidated financial statements	**468**	**405**	**42**	**915**	**835**
Edmond de Rothschild (France)	259	224	40	523	428
Edmond de Rothschild Asset Management (France)	78	78	-	156	165
Other	131	103	2	236	245
Services other than certification of the financial statements[1]	**42**	**7**	**-**	**49**	**154**
Edmond de Rothschild (France)	54	7	-	61	36
Edmond de Rothschild Asset Management (France)	−12	-	-	−12	118
Other	-	-	-	-	-
Other services provided by the networks to fully consolidated subsidiaries	-	-	-	-	-
Total	**510**	**412**	**42**	**964**	**989**

[1] Services other than the certification of financial statements consist of comfort letters, agreed procedures, declarations of compliance with accounting rules and regulatory consultations.

The amounts mentioned above include the following fees relating to the statutory auditing of the financial statements of Edmond de Rothschild (France) and its subsidiaries:

a) by PricewaterhouseCoopers Audit for €468 thousand for the certification of financial statements and €42 thousand for services other than the certification of financial statements;

b) by Grant Thornton Audit for €405 thousand for the certification of financial statements and €7 thousand for services other than the certification of financial statements.

Note 8 – Operating segments

The Group's operations are organised around two strategic business lines (Asset Management and Private Banking) and one further business line (Other Activities and Proprietary Trading).

Private Banking covers a range of services including:

- portfolio and private asset management, asset engineering and family office services,
- corporate advisory services for family-owned businesses.

Asset Management covers the following four types of management:

- equities, diversified assets, and convertible bonds,
- funds of funds, both traditional and hedge funds,
- fixed income and credit, as well as structured, quantitative and direct alternative asset management,
- private equity funds.

The "Other Activities and Proprietary Trading" business line includes:

- under Other Activities, corporate advisory services provided by the dedicated subsidiary Edmond de Rothschild Corporate Finance, including M&A advisory, business valuations and financial engineering, the proprietary activities of the Capital Markets Department and the activities of Edmond de Rothschild REIM (France), which specialises in managing French real-estate assets for third parties;
- under Proprietary Trading, management of the Group's assets (particularly its securities portfolio), the Bank's financing activities for all of its businesses, expenses related to this business line's specific activities and its coordination role within the Group, and income and expenses not directly attributable to the other business lines.

Methodologies

Each business line's management accounts are intended to:

- show the results of each business line as if it were an independent entity;
- provide a fair view of their results and profitability over the period.

The main conventions used in establishing these accounts are as follows:

- each business line's net banking income corresponds to the revenues generated by its business, net of fees passed on to business providers;
- each business line's management expenses comprise its direct costs, its share of expenses related to the logistical and operational support provided by the Bank, and a share of the Group's overheads;
- provisions are allocated between the business lines to reflect the risk inherent in each business line's activities. Provisions that cannot be allocated to a business line are allocated to Proprietary Trading.

A detailed analysis of each business line's results and its contribution to Group earnings is provided below.

	Private Banking		Asset Management		Private Equity		Other Activities and Proprietary Trading		Group	
In thousands of euros	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net banking income	**109,609**	**97,189**	**170,751**	**145,735**	**5,378**	**5,475**	**71,471**	**36,254**	**357,209**	**284,653**
Operating expenses	−90,373	−82,332	−133,362	−125,007	−5,995	−6,681	−60,696	−40,809	−290,426	−254,829
Personnel expenses	−57,248	−50,611	−78,318	−68,814	−3,498	−4,442	−39,307	−21,856	−178,372	−145,723
- direct	*−42,106*	*−36,909*	*−60,610*	*−50,680*	*−2,830*	*−3,871*	*−33,003*	*−15,333*	*−138,549*	*−106,793*
- indirect	*−15,142*	*−13,702*	*−17,709*	*−18,134*	*−668*	*−571*	*−6,304*	*−6,523*	*−39,822*	*−38,930*
Other operating expenses	−25,816	−24,738	−47,234	−47,827	−2,280	−2,058	−10,077	−8,058	−85,408	−82,681
Depreciation and amortisation	−7,309	−6,983	−7,809	−8,366	−217	−181	−11,312	−10,895	−26,646	−26,425
Gross operating income	**19,236**	**14,857**	**37,389**	**20,728**	**−616**	**−1,206**	**10,774**	**−4,555**	**66,783**	**29,824**
Cost of risk	-	-	0	-	-	-	−237	−59	−237	−59
Operating income	**19,236**	**14,857**	**37,389**	**20,728**	**−616**	**−1,206**	**10,537**	**−4,614**	**66,546**	**29,765**
Share in net income of associates	10,377	9,718	-	−1,516	739	-	-	-	11,116	8,202
Net gains or losses on other assets	-	-	-	-	−93	-	−26	−60	−119	−60
Change in value of goodwill	-	-	-	-	-	-	−388	-	−388	-
Recurring income before tax	**29,613**	**24,575**	**37,389**	**19,212**	**30**	**−1,206**	**10,123**	**−4,674**	**77,155**	**37,907**
Income tax	−5,465	−5,145	−10,622	−7,135	139	509	−6,932	1,275	−22,880	−10,496
Net income	**24,148**	**19,430**	**26,767**	**12,077**	**169**	**−697**	**3,192**	**−3,399**	**54,275**	**27,411**

Note 9 – Transactions with related parties

Edmond de Rothschild (France) was a subsidiary of Edmond de Rothschild S.A. (EdR S.A.) until 7 August 2019. Since then, it has been owned by Edmond de Rothschild (Suisse), which is itself a subsidiary of Edmond de Rothschild Holding S.A. (EdRH), the ultimate owner being the estate of Benjamin de Rothschild at 31 December 2021.

All transactions took place in the ordinary course of business and on terms comparable to the terms of transactions with similar parties or, where relevant, with other employees.

Parties related to the Edmond de Rothschild (France) group are companies consolidated by Edmond de Rothschild (France) and by the EdRH group. In accordance with IAS 24, members of the Supervisory Board and members of the Executive Board of Edmond de Rothschild (France), their spouses and dependent children are also considered related parties.

Transactions with related companies

Note 7.1 lists all companies consolidated by Edmond de Rothschild (France).

Since transactions and year-end outstanding balances with fully consolidated Group companies are totally eliminated through consolidation, the table below only shows data for transactions with companies over which the Group has significant influence and which are accounted for by the equity method.

Transactions with associates

Note 3.9 lists all companies accounted for by the equity method.

In thousands of euros	31/12/2021	31/12/2020
Financial assets at fair value through profit and loss		
Loans and receivables due from credit institutions	20,000	
Accruals and other assets	427	153
Assets	**20,427**	**153**
Financial liabilities at fair value through profit and loss	137,919	152,369
Due to credit institutions	34,825	8,104
Due to clients		
Accruals and other liabilities	1,046	932
Liabilities	**173,790**	**161,405**
+ Interest and similar revenues		5
- Interest and similar expenses	−522	−1,400
+ Fee income		
- Fee expense	−2,087	−3,386
+ Other revenues	318	138
- Other expenses		
Net banking income	**−2,291**	**−4,643**
- General operating expenses		
Gross operating income	**−2,291**	**−4,643**

Transactions with the parent company

In thousands of euros	31/12/2021	31/12/2020
Financial assets at fair value through profit and loss		
Loans and receivables due from credit institutions	426	
Accruals and other assets	3,884	8,559
Assets	**4,310**	**8,559**

In thousands of euros	31/12/2021	31/12/2020
Financial liabilities at fair value through profit and loss	637,955	740,551
Due to credit institutions	780	847
Due to clients		
Accruals and other liabilities	8,646	8,274
Liabilities	**647,381**	**749 672**

In thousands of euros	2021	2020
+ Interest and similar revenues		2
- Interest and similar expenses	−320	−640
+ Fee income	4,274	5,173
- Fee expense	−5,649	−6,405
+ Other revenues	2,422	2,102
- Other expenses		
Net banking income	**727**	**232**
- General operating expenses	−6,185	−4,375
Gross operating income	**−5,458**	**−4,143**

Transactions with other related parties

These are transactions with Edmond de Rothschild Holding and its subsidiaries, and with the subsidiaries of Edmond de Rothschild S.A.

In thousands of euros	31/12/2021	31/12/2020
Financial assets at fair value through profit and loss	11	-
Loans and receivables due from credit institutions	5,146	6,079
Loans and receivables due from clients		
Accruals and other assets	43,791	31,844
Assets	**48,948**	**37,923**

In thousands of euros	31/12/2021	31/12/2020
Financial liabilities at fair value through profit and loss	224,847	99,358
Due to credit institutions	3,963	277
Due to clients	3,475	1,290
Accruals and other liabilities	4,227	3,016
Provisions		
Liabilities	**236,512**	**103,941**

In thousands of euros	2021	2020
+ Interest and similar revenues	72	24
- Interest and similar expenses	-	-
+ Fee income	104,490	82,605
- Fee expense	−7,704	−5,307
Net gains or losses on financial instruments at fair value through profit and loss	6,816	13,166
+ Other revenues	4,369	3,788
- Other expenses	−701	−319
Net banking income	**107,342**	**93,957**
- General operating expenses	−2,278	−2,442
Gross operating income	**105,064**	**91,515**

Transactions with related natural persons

In thousands of euros	31/12/2021	31/12/2020
Loans and overdrafts	31,071	19,024
Assets	**31,071**	**19,024**

In thousands of euros	31/12/2021	31/12/2020
Demand deposits	-	11,714
Liabilities	**-**	**11,714**

In thousands of euros	31/12/2021	31/12/2020
+ Interest and similar revenues	440	163
Net banking income	**440**	**163**
Gross operating income	**440**	**163**

Part 1

General risk management policy

Section 1 – Internal control

To meet the requirements of its regulators, the Bank has set up an internal control system that enables it to manage risk on a consolidated basis.

The components of this system are designed to provide the corporate bodies and the Risk Committee with an accurate view of the risks so that they can be managed appropriately.

The experience gained in this process by the internal control teams, and the close involvement of the corporate bodies, means that a consolidated view of risk can be established for the Bank itself, but also for its clients.

The internal control system is organised on three levels:

- *first level*: in addition to operational staff and their line managers, a network of controllers and compliance officers within departments and operating subsidiaries constitutes the first level of internal control;

- *second level*: the Compliance and Control Department oversees the proper implementation of internal control measures at the first level, and the Central Risk Department ensures the consolidated monitoring of financial risks in the Bank's activities;

- *third level*: the Internal Audit Department applies third-level controls to all of the Bank's structures. During specific or group-wide assignments, it reports on the quality of internal control, possible improvements and the security of processes. The maturity of the risk management system and controls performed by the second-level control entities give the Internal Audit Department a reliable foundation on which to base its investigations, on which it reports directly to the Risk Committee.

Section 2 – Description of second-level entities

The Compliance and Control Department and the Central Risk Department are second-level control entities that each work very closely with the first-level compliance officers of their respective business lines to set targets, continuously improve methods and tools and co-ordinate control activities.

More specifically:

- - The Compliance and Control Department is tasked with implementing continuous monitoring mechanisms. It lies at the second level of the control system and oversees the implementation of first-level controls by the operational departments and provides assistance to the business lines. This entails informing and training employees to provide them with adequate knowledge of the regulations and the internal procedures governing their activities. It also ensures compliance with the ethics policies applicable to employees and in the context of efforts to combat money laundering and the financing of terrorism.

- - The Central Risk Department, an essential link in the second-level internal control system, consists of three units tasked with monitoring:

    A) risks relating to proprietary activities (Proprietary Risk Control), including counterparty, liquidity and market risks.

    B) risks relating to the management of assets for third parties and borne by asset managers within the Bank and its asset management subsidiaries.

    C) operational risks relating to potential process and system failures and fraud. Alongside these monitoring tasks, the CRD implements and updates a risk map, which may give rise to action plans or alerts based on a formal escalation policy.

In addition to its own role in monitoring financial risk, the Central Risk Department is also responsible for leading the Group's risk management organisation, including setting up cross-functional committees that review the overall risks inherent in the Bank's activities. The Compliance and Control Department ensures the operational compliance of this risk management organisation.

Section 3 – Internal control consolidation at the Edmond de Rothschild group level

Harmonised methods for assessing and calculating risk allow risks to be consolidated at the level of the Swiss holding company.

The consolidated risk management system that the Edmond de Rothschild group intends to put in place will involve increased communication between teams and the adoption of continuously improved reporting mechanisms.

Part 2

Counterparty credit risk management

Counterparty credit risk is the risk of loss caused by the inability of a client or counterparty to honour its financial obligations. This risk includes settlement risk during the period between the point at which the payment or delivery order for a financial instrument sold can no longer be unilaterally cancelled by the Bank, and the final reception of the financial asset purchased or the corresponding cash.

Section 1 – Risk-generating activities

Counterparty credit risks borne by the Group originate from:

1. transactions with Private Banking clients and funds managed by the Group's asset management companies, particularly in connection with the following operations:

    - loans or commitments to Private Banking clients;

    - overdrafts on current accounts for private clients;

    - occasional overdrafts of funds managed by the Group's asset management companies that are transferred to the Bank (such overdrafts result from the time gap between purchases and sales of securities);

    - foreign exchange transactions with certain in-house funds to hedge the exchange-rate risk resulting from positions in foreign currencies;

2. over-the-counter transactions entered into as part of proprietary trading activities, principally with banks or large companies with satisfactory credit ratings.

Section 2 – Authorisation, monitoring and assessment procedures

Authorisation procedures

Credit risks are generally accepted on condition that the expected return provides satisfactory coverage of the risk of loss in the event of default by the client or counterparty. While guarantees are generally sought, this is never a substitute for an ex-ante analysis of the risks.

Different rules and methods apply to transactions with clients and capital markets transactions.

Loans and signed commitments granted to private banking clients

In most cases, financing for clients (loans or signed commitments) is overseen by the Credit Committee, which meets weekly and is chaired by the Chairman of the Executive Board or another member of the Executive Board. Before any such arrangement is entered into, the Credit Department examines the application submitted by the client advisor concerned (or by a Group asset management company where the beneficiary is a managed fund). This department issues a reasoned opinion on the quality of the proposed risk, and sends the entire file to the Credit Committee for final decision, which is evidenced by a formal approval document signed by the Committee's chairman. Cases that exceed the Credit Committee's powers are submitted to the whole Executive Board by Edmond de Rothschild group's Chief Financial Officer.

In addition, loans and commitments may be granted to certain staff members in the Private Banking Division. Those delegations of authority are subject to strictly defined limits, and are governed by an ad-hoc internal procedure.

Finally, loans and commitments granted under delegations of authority are always brought to the attention of the Credit Department, which ensures that delegated powers are complied with.

As regards over-the-counter transactions, bank counterparties are examined every six months.

In 2008, in view of the sudden decline in the financial standing of a number of bank counterparties, Proprietary Risk Control strengthened its day-to-day monitoring arrangements by collecting and analysing the information provided by credit default swap (CDS) spreads.

This monitoring has been extended to cover corporate and sovereign issuers. To supplement this mechanism and comply with the French government order of 3 November 2014, the Central Risk Department has implemented its own method for assessing credit risk that relies on scoring by internal experts, in addition to the use of external ratings. This internal model measures the borrower's creditworthiness by means of financial analysis and scoring techniques.

Commercial counterparties (particularly large-public sector companies) also require formal approval from the same committee. Individual risk limits for all capital market counterparties (bank and commercial) are set by the aforementioned committee for each Group entity, ensuring in advance that those limits are consistent with the risk appetite of the Edmond de Rothschild group.

These individual limits are, where appropriate, supplemented by so-called “group” limits, which govern exposures to any group of third parties deemed to be a single beneficiary within the meaning of Article 3 of Regulation 93-05 on monitoring large exposures. Investment limits are assigned on the basis of the internal rating established by the Central Risk Department and on the analysis of the creditworthiness of individual counterparties.

Two types of limits are defined:

- limits on amounts: the maximum amount of risk (both on- and off-balance sheet) that the Bank is willing to accept for a counterparty (or group of related counterparties),

- time limits: this determines the maximum term of transactions. The term is dependent on the rating of the counterparty or issuer, among other factors.

Any deterioration in the quality of a counterparty deemed to be material or any change in regulatory requirements triggers the immediate review of authorisations granted to the entity during each monthly Risk Committee meeting.

Risk monitoring and assessment process

Loans and signed commitments granted to Private Banking clients

Monitoring compliance with limits

Relationship managers are responsible for the day-to-day monitoring of accounts that shown an overdraft or an overdraft in excess of the authorised amount. To carry out that monitoring, they receive alerts relating to limit breaches every morning. The Private Banking Division also carries out a check on statements of limits exceeded over a materiality threshold, for all accounts in the Bank’s books. Similarly, the Credit Department checks that limit breaches comply with delegated powers in terms of both amount and duration. If necessary, it sends a request to the relationship manager (with a copy to his/her superior) so that appropriate measures can be defined and applied. Where it believes that it is justified in the context, the Credit Department informs the Credit Committee, so that it can take a decision aimed at resolving the type of situation in question.

Finally, every month, the Credit Department presents a summary of accounts showing a discrepancy and hands it to the Private Banking division and General Management in the monthly Risk Committee meeting.

Monitoring collateral

Financing granted by the Bank is usually covered by collateral, primarily in the form of pledged securities accounts or assigned insurance policies. The value of collateral is monitored by the Credit Department, which receives daily alerts on collateral that provides insufficient coverage relative to the loan granted.

A monthly summary is prepared for submission to the Private Banking Division and General Management in the monthly Risk Committee meeting, setting out any irregularities. However, when warranted, the Credit Department can also make the Credit Committee aware of any loan showing insufficient coverage prior to the end of the month so that action can be action.

Processing doubtful loans

Doubtful loans and commitments are transferred to the Legal Department for monitoring. These items are reviewed quarterly by the Litigation Committee, which is chaired by the Bank’s Chief Executive Officer. This Committee also examines all litigation that may involve the Group.

Over-the-counter transactions

Management of credit risks associated with capital market transactions is primarily based on strict selection of authorised counterparties. It also involves risk mitigation and elimination techniques selected by the Group with respect to its primary counterparties, i.e. the establishment of framework agreements and collateral agreements, and use of the Continuous Link Settlement (CLS) system. Credit risk management also incorporates daily monitoring of compliance with risk limits and market counterparty monitoring.

Framework agreements and collateral agreements

To reduce counterparty risk on off-balance-sheet transactions, framework agreements have been established in every case for several years. At 31 December 2021, 89% of gross off-balance sheet risks were covered by such agreements for market counterparties. Of the risks not covered by a framework agreement, almost all concerned transactions with Group entities at that date.

In addition, after the adoption of the delegated regulation supplementing the EMIR regulation with regard to regulatory technical standards for risk mitigation techniques for OTC derivative contracts not cleared by a central counterparty on 4 October 2016, collateral agreements (credit support annexes or CSAs) were updated with 26 counterparties. Since then, transactions with counterparties that have not signed such agreements have been limited to spot foreign-exchange transactions. The characteristics of those agreements are entered in the OSACAS database.

The Structured Products Back Office is responsible for the monitoring and administrative processing of collateral. As of the date of this document, the collateral accepted by the Bank consists exclusively of cash. Every day, the KTP tool calculates a theoretical margin call for each active counterparty. That information is then sent to the DSI Collateral system so that an initial provisional status can be assigned. Notice to pay is sent to the counterparty when the status relates to a receivable margin call. Once payment is made, the collateral received is interfaced with Moody's Analytics' RiskOrigin counterparty risk management system. In the event of disagreement with the counterparty, no flow is exchanged, and the status is updated to "abandon". An incident report listing all "abandoned" margin calls is sent to Proprietary Risk Control.

All framework and collateral agreements are examined, before they are signed, by a legal advisor with specialist knowledge of capital markets transactions, and the amounts of allowances are approved by the Central Risk Department.

Use of the CLS system for foreign-exchange transactions

Since March 2006, the Bank has belonged to the CLS system, which eliminates the settlement risk usually associated with over-the-counter foreign-exchange transactions. The system has considerably reduced settlement/delivery risk on foreign currency transactions; at 31 December 2021, 67.76% of spot and forward foreign currency transactions with external counterparties went through the CLS system.

Monitoring of risk limit compliance

Exposure is remeasured daily on a mark-to-market basis plus an add-on intended to cover the risk of potential deterioration during the time to maturity of each contract. The add-on depends on the nature and term of the contract. Monitoring is fully automated using a new software platform (RiskOrigin, Moody's Analytics) and satisfies the most stringent market requirements.

Desk managers are informed daily about counterparties' outstandings and limit usage. Each operator is responsible for complying strictly with the risk limits assigned to his/her profit centre, and must inform his/her superiors immediately if any limit is exceeded.

The Central Risk Department reviews counterparty limit compliance daily for all the Group's capital market activities. The Bank's Executive Board is alerted if any limit is exceeded.

The monthly Risk Committee reviews risk exposure, limits exceeded and the methods for resolving the situation. The monthly Risk Committee also monitors the formation of framework and collateral agreements.

Monitoring counterparties

The Central Risk Department oversees commitments and continuously monitors market counterparties in order to identify risks of default at an early stage. Proprietary Risk Control must submit a report to the monthly Risk Committee on counterparties affected by significant events such as a change of ownership, a downgraded internal rating or reported losses. All limits on bank counterparties are systematically reviewed twice a year, taking into consideration financial data, macroeconomic data and ratings. Credit risks relating to financial institutions and sovereign entities are only incurred with respect to counterparties whose solvency is considered beyond reproach. A system of warnings regarding CDS spreads has been established to measure the markets' perception of credit risk. CDS data are provided by CMA Datavision, an independent company based in London and New York. Spreads are measured on the basis of a model combining relevant market CDS prices collected from reliable contributors, ratings and other sector data. The monitoring system has been supplemented with analysis of 1-year and 5-year CDS spreads, allowing difficulties with certain counterparties to be anticipated. CDS spreads are used in assessing the internal ratings of market counterparties according to a proprietary methodology.

Section 3 – Exposure to counterparty credit risks

The Group's commitments to clients

The Group's clients include private banking clients, the Edmond de Rothschild S.A. Group (excluding the Bank and its subsidiaries) and the investment funds managed by the Group. Commitments to clients are shown in the tables below.

Changes in the Group’s commitments to clients

In millions of euros	31/12/2021	31/12/2020
Loans and other financing (on-balance sheet)	1,422	1,160
Guarantees	67	40
Unused credit facilities	390	252
Total	**1,878**	**1,452**

Group commitments to clients amounted to €1,877 million at the end of 2021, an increase of around 30% relative to the end of 2020, while investment fund overdrafts fell significantly.

Quality of commitments to clients

Distribution of commitments

No declaration is made regarding any commitment with respect to the risk distribution ratio.

Most loans to non-Group entities on the balance sheet are for less than €3 million. Although the number of loans for more than €3 million is small (around 10%), their total amount is significant at €760 million. They represent 42% of total credit-risk exposure to private banking clients. 130 clients (“related beneficiaries”) have outstanding loans of over €3 million each, representing total exposure of €998 million.

Off-balance-sheet items relating to the top ten clients now amount to €31 million, accounting for over half of guarantees for the Private Banking division.

Portion of doubtful loans and financing to private banking clients and related provisions

Authorised limits are exceeded only in a minority of cases. Such situations generally concerned less than 1% of outstandings at 31 December 2021. They are monitored and rapidly resolved.

Portion of loans to private banking clients covered by a pledged financial instrument account or assigned life insurance policy

Over 90% of loans and financing to private banking clients are guaranteed by a pledged securities account, an assigned insurance policy or a bank guarantee (usually from the Group). The securities portfolios concerned by the pledges are diversified, invested mainly in the securities of listed companies, bonds and fund units, and mostly managed under contract.

Other security interests mainly consist of mortgages.

In thousands of euros	31/12/2021	31/12/2020
Doubtful loans and other financing to private banking clients	457	1,066
of which amounts written off	*456*	*1,066*
Net	**1**	**-**
Percentage of client loans and other financing	0.00%	0.00%

Once a loan is identified as doubtful, the Bank assesses the counterparty’s solvency and the risks of non-recovery, and decides whether and in what amount an impairment loss should be recognised.

Impaired and unimpaired loans and other financing with overdue payments and guarantees received for these loans

The tables below show the net carrying amount of unimpaired loans with overdue payments (presented by period overdue), impaired doubtful loans and guarantees received to cover these assets. The amount stated as guarantees received is the value of the guarantee, which cannot exceed the value of the asset it covers.

31 December 2021 In thousands of euros	≤ 90 days	Payments overdue by > 90 days ≤ 180 days	 > 180 days ≤ 1 year	 > 1 year	Doubtful loans (assets written off and commitments provisioned)	Total outstanding	Associated guarantees received
Financial assets at market value through profit and loss (excluding variable-income securities)	-	-	-	-	-	-	-
Financial assets at market value through equity (excluding variable-income securities)	-	-	-	-	-	-	-
Securities at amortised cost (excluding variable-income securities)	-	-	-	-	-	-	-
Loans and receivables due from credit institutions	-	-	-	-	-	-	-
Loans and receivables due from clients	-	-	-	-	-	-	-
Total doubtful loans and overdue loans net of write-offs	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financing commitments given	-	-	-	-	-	-	-
Financial guarantee commitments given	-	-	-	-	-	-	-
Total doubtful off-balance sheet commitments net of provisions	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**

31 December 2020 In thousands of euros	≤ 90 days	Payments overdue by > 90 days ≤ 180 days	 > 180 days ≤ 1 year	 > 1 year	Doubtful loans (assets written off and commitments provisioned)	Total outstanding	Associated guarantees received
Financial assets at market value through profit and loss (excluding variable-income securities)	-	-	-	-	-	-	-
Available-for-sale financial assets (excluding variable-income securities)	-	-	-	-	-	-	-
Loans and receivables due from credit institutions	-	-	-	-	-	-	-
Loans and receivables due from clients	-	-	-	-	-	-	-
Total doubtful loans and overdue loans net of write-offs	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financing commitments given	-	-	-	-	-	-	-
Financial guarantee commitments given	-	-	-	-	-	-	-
Total doubtful off-balance sheet commitments net of provisions	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Exposure to credit risk

The table below shows the exposure of all the Group's financial assets to credit risk. This exposure corresponds to the carrying amount of the financial assets reported in the balance sheet net of any impairment, before the effect of unrecorded netting and collateral agreements.

This exposure does not include the effect of framework netting agreements operative at 31 December 2021 and collateral agreements on forward financial instruments traded over the counter. Calculated on the basis of the cash netting allowed under capital adequacy rules, this effect at 31 December 2021 would reduce the Group's exposure to credit risk by €22.5 million.

In thousands of euros	31/12/2021	31/12/2020
Maximum exposure to credit risk		
Financial assets at market value through profit and loss (excluding variable-income securities)	143,972	144,833
Financial assets at market value through equity (excluding variable-income securities)	1,384	1,341
Securities at amortised cost (excluding variable-income securities)	4,813	6,521
Loans and receivables due from credit institutions	63,229	48,600
Loans and receivables due from clients	1,421,591	1,160,185
Exposure to on-balance-sheet commitments (net of write-offs)	**1,634,989**	**1,361,480**
Financing commitments given	414,331	282,507
Financial guarantee commitments given	82,089	55,472
Provisions for signed commitments	-	-
Exposure to off-balance sheet commitments (net of write-offs)	**496,420**	**337,979**
Total net exposure	**2,131,409**	**1,699,459**

Distribution of financial instruments by type of market price or valuation model used

The breakdown of financial instruments by type of market price or valuation model is reported in the table below for each category of instrument defined above.

In thousands of euros	31/12/2021 Market price	Model using observable parameters	Model using non-observable parameters	TOTAL	31/12/2020 Market price	Model using observable parameters	Model using non-observable parameters	TOTAL
Financial instruments held for trading at market value through profit and loss	-	27,576	-	27,576	-	4,608	-	4,608
Non-SPPI debt instruments		116,389	-	116,389		138,136	-	138,136
Other financial instruments at fair value through profit and loss	4	9,358	-	9,362	2,082	12,497	-	14,579
Total financial assets at fair value through profit and loss	**4**	**153,323**	**-**	**153,327**	**2,082**	**155,241**	**-**	**157,323**
Debt instruments at fair value through equity				-				-
Investments in subsidiaries and associates at fair value through equity		868	516	1,384		867	474	1,341
Total financial assets at fair value through equity	**-**	**868**	**516**	**1,384**	**-**	**867**	**474**	**1,341**
Financial instruments held for trading at market value through profit and loss	-	4,200	-	4,200	23,637	15,239	-	38,876
Financial instruments designated as at market value through profit and loss	-	1,012,227	400,848	1,413,075	-	960,867	355,008	1,315,875
Total financial liabilities at fair value through profit and loss	**-**	**1,016,427**	**400,848**	**1,417,275**	**23,637**	**976,106**	**355,008**	**1,354,751**

In 2021, the Group issued structured EMTNs valued at €183.3 million, and disposals totalled €252.1 million.

Exposure to counterparty credit risks on capital market operations

In addition to the risks deriving from proprietary trading activities, the exposure to credit risk shown below includes the issuer risk borne by guaranteed investment funds (where the Bank is the guarantor) in order to reflect the Bank's overall exposure to bank counterparties.

At 31 December 2021, 94% of credit risks on capital market transactions concerned bank counterparties with external credit ratings of A or better. It should also be noted that almost all exposures are to counterparties whose risks are considered good or excellent (external rating of BBB or better).

Distribution of gross commitments by bank counterparty rating

In 2021, gross banking commitments (including off-balance sheet commitments) fell mainly because of the decline in deposits recorded at our correspondents.

The breakdown by rating of commitments on bank counterparties rating shows the excellent quality of the portfolio, which is focused almost exclusively on investment-grade counterparties.

In millions of euros	Gross risk equivalent 31/12/2021		31/12/2020		31/12/2019	
Rating	Amount	%	Amount	%	Amount	%
AAA	-	0.00%	0.7	1.48%	0.5	0.6%
AA	3.0	5.56%	0.5	1.11%	5.8	7.4%
A	46.5	85.39%	42.3	91.65%	67.1	85.7%
BBB	0.9	1.73%	1.2	2.50%	3.0	3.8%
<BBB	4.0	7.32%	1.5	3.26%	1.9	2.4%
Unrated	nm	-	nm	-	nm	-

Methodology: External ratings using the Standard & Poor's model, commitments measured at replacement value, excluding the effect of netting and collateral agreements.

Breakdown of gross commitments on sovereign counterparties by rating

Since September 2021, counterparty risk on sovereign counterparties has been zero (excluding €2.6 billion of cash placed with the Banque de France) following the sale of Austrian bonds that represented the remaining assets of a former portfolio that had been in run-off for 10 years.

Part 3

Market risk management

Market risks are risks of losses due to adverse developments in prices (primarily due to fluctuations in interest rates, exchange rates, share prices or commodity prices), except price movements resulting from the deterioration of an issuer's financial position.

Section 1 – Risk-generating activities

The Group's market risks result from:

- proprietary trading activities carried out by the Bank's trading desks, mainly the "euro and foreign currency treasury" desk and the "foreign exchange" desk;

- ownership of EMTNs or structured funds, either under the seed money policy or for market making. In this case, the Bank's subsidiary Financière Boréale is the counterparty for sales by clients that take place before the product's contractual maturity;

- risk resulting from the investment portfolio, which is monitored on a monthly basis.

Risks taken by the trading desks are therefore not generated by speculative transactions, but mainly result from short-term cash investments and client intermediation transactions.

Exposure to the secondary market is intended to be unwound as soon as it reaches a sufficient level.

The creation of structured products activities does not generate material market risks. The derivatives used to achieve index-linked returns (particularly swaps) are generally matched strictly with instruments that have identical features arranged by the fund, or a commitment to pay the interest expected by the client that invested in the EMTNs. Hedging gains or losses may occur during the launch of formula funds but these are exceptional and are unlikely to persist.

Loans and other financing commitments to clients do not generally lead to any exposure to market risks (interest-rate or exchange-rate risks) since a system of internal transfers or transactions shifts the exposure to the trading desks.

In other words, all market risks, whether initially associated with transactions with clients or arising from proprietary trading, are centrally managed by the Bank's trading desks, or in the specific case of market-making for structured products, by the financial engineering team.

Section 2 – Monitoring and assessment methods

Market risk approval principles

Authorised limits for maximum exposure to the various market risks are set by the Executive Board and submitted to the Supervisory Board for approval.

These limits are expressed in four ways:

- absolute value of assets held: this is the maximum acceptable level in a given currency of the net position in that currency for foreign exchange transactions;

- sensitivity: sensitivity is defined as the value of the potential loss resulting from a specific variation in a given risk factor (e.g. interest rate or exchange rate);

- stop-loss: the amount of cumulative losses over a given period (calculated in days, months or years) that must not be exceeded unless the position is immediately settled. Stop loss limits are also set by the treasury and foreign exchange desks;

- maximum potential loss: the estimated loss over a one-year horizon resulting from the holding of structured products. This limit is defined on the basis of a scenario involving an adverse price movement, taking into consideration the protection generally associated with this category of financial assets.

Monitoring compliance with market risk limits

Traders work on the trading desks and the Bank's financial engineering team must at all times comply with all market risk limits.

In addition, the Bank's Proprietary Risk Control team (which is part of the Central Risk Department and is strictly independent of the front office) verifies compliance with market risk limits for all activities carried out by the trading desks, on the basis of daily reporting. For structuring, compliance with market risk limits is monitored on a weekly basis.

In the specific case of over-the-counter transactions with a client, the Central Risk Department verifies that there is perfect matching (type and direction of options, nature of the underlying instrument, exercise price, maturity) with a market counterparty; option contracts are systematically back-to-back, i.e. each option transaction with a client is always immediately reversed in the market by entering into a matching opposite transaction with a market counterparty.

Section 3 – Exposure to market risks

The table below details the exposure of the capital markets business to exchange-rate, interest-rate and equity risks during the last two years.

In thousands of euros	2021 Limits set at 1 January	2021 Year-end	2020 Year-end	2021 Average	2020 Average	2021 Minimum	2020 Minimum	2021 Maximum	2020 Maximum
Exchange-rate risk *	400	83	27	95	89	58	17	215	172
Interest-rate risk **	2,000	113	320	242	412	46	113	757	763

* Sensitivity of operational foreign-exchange positions to an 8% change in exchange rates, excluding correlations.
** Sensitivity of short-term positions to a uniform, parallel 1% change in interest rates, excluding correlations.

The Group considers that its overall exposure to market risks is low, in accordance with the risk appetite of its holding company and the risk management policy defined and implemented. Most transactions are carried out on behalf of clients and immediately fully covered with a market counterparty.

Part 4

Liquidity and financing management

Liquidity risk is the risk that the Group will be unable to honour its commitments upon maturity or to settle a position due to the market situation. The risk of being unable to honour commitments may result from both transformation of maturities (i.e. borrowing short-term to lend long-term) and the inability to arrange new borrowings on acceptable terms, whether because of general market conditions or factors specific to the Group.

Section 1 – Liquidity

Liquidity, i.e. the immediate availability of investments or the possibility of rapid resale for a reasonable cost, for example in response to withdrawals or unexpected early redemption requests, is one of the basic principles of the Bank's cash and asset/liability management policy. The Bank is aware that its prudent, or indeed conservative, approach reduces the opportunities of optimising returns in situations where a longer maturity would generate additional margins.

The policy is primarily managed by central co-ordination of decisions regarding investments:

- at the level of the trading desks for cash management;
- at the level of the Finance Department, following an Executive Board decision, for securities portfolios.

Refinancing of the client loan portfolio is also centrally co-ordinated by the trading desks through the use of internal contracts.

The Asset and Liability Management Committee, which includes a seat for the Central Risk Department, carries out three to four checks per year to ensure compliance with this policy. Since the interbank liquidity crisis broke in September 2007, Proprietary Risk Control has also issued daily reports on operational liquidity. In addition, Proprietary Risk Control has developed a liquidity stress scenario in order to carry out monthly tests on the balance sheet's ability to withstand a shock involving, among other things, the withdrawal of most client source funds.

The stress-test results are positive since in all circumstances the Bank retains a liquidity credit balance.

The Group is therefore not considered to be dependent on the market to meet its commitments. The methodology for measuring liquidity risk has changed over time to more closely reflect:

- the impact of the external environment (deterioration in stockmarkets, sharp appreciation of the US dollar against the euro) on the valuation of derivative products and therefore on the volume of collateral payments; and
- the consequence of large-scale redemptions on the amount of overdrafts granted to mutual funds, thereby impacting available cash.

Here again, the results confirmed that the balance sheet is highly resilient. There are several indicators showing that the Group's investments are sufficiently liquid:

- the volume of "available" cash investments including overnight deposits and short-term securities was above €1.5 billion at all times during 2021. The amount at 31 December 2021 was €2.6 billion, stable compared with the year-earlier figure;

- fixed-term cash investments, in the form of term loans and negotiable debt securities, are governed by strict principles: counterparties must have excellent credit quality and are selected under strict criteria by the Credit Committee, and the investment period is limited. These investments amounted to €73 million at 31 December 2021,

- client loans and other financing in the form of multi-instalment loans amounted to €543.0 million at 31 December 2021, representing a significant year-on-year increase,

- the available-for-sale securities portfolio (excluding investments in associates) is also subject to limits in terms of amount and purpose. At 31 December 2021, it was made up of €125.4 million of variable-income securities (other than money-market funds used by subsidiaries for cash management purposes), essentially in the form of units of in-house funds acquired under the seed money policy. The securities portfolio is governed by a system of limits aiming to encourage sufficient diversification and the holding of liquid assets. The status of these securities (held for sale or to be retained) is regularly examined by the Asset and Liability Management Committee, which only approves the retention of securities in the portfolio in order to support development of the product or product range. An additional mechanism for supervising the securities portfolio has been defined at Edmond de Rothschild group level.

That resulted in a highly conservative liquidity coverage ratio (LCR) of 168.8% and a net stable funding ratio (NSFR) of 167.2% at 31 December 2021.

Exposure to liquidity risk relating to funds

Liquidity indicators on sensitive funds are monitored daily by the first-level Risk Management team, and monthly by first-level risk committees in the subsidiaries, assisted by the Third-Party Risk Manager in the Central Risk Department. Items consolidated by all subsidiaries are reported monthly to the Financial Risk Committee.

In 2021, no gates were used on any fund marketed by the Bank.

Section 2 – Limitation of maturity mismatching

Continuing its prudent approach, the Bank has decided to maintain a structural "reverse" mismatch position in which long maturities (mainly long-term capital, redeemable subordinated notes and EMTNs associated with issuance of structured products) provide generous coverage of short-term investments.

The following tables present discounted balances on the balance sheet by contractual maturity:

31 December 2021

In thousands of euros	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Unspecified	TOTAL
Cash, due from central banks and postal accounts	2,629,937	-	-	-	-	2,629,937
Financial assets at fair value through profit and loss	52,320	4,240	96,767	-	-	153,327
Financial assets at fair value through equity	-	-	-	876	508	1,384
Securities at amortised cost	4,374	-	-	439	-	4,813
Loans and receivables due from credit institutions	63,229	-	-	-	-	63,229
Loans and receivables due from clients	947,259	169,795	59,595	244,942	-	1,421,591
Valuation adjustments on portfolios subject to interest-rate hedging	-	-	-	-	-	-
Financial assets by maturity	**3,697,119**	**174,035**	**156,362**	**246,257**	**508**	**4,274,281**
Due to central banks and postal accounts	-	-	-	-	-	-
Financial liabilities at fair value through profit and loss	735,620	397,055	104,913	179,682	5	1,417,275
Hedging derivatives	-	-	-	-	-	-
Due to credit institutions	51,278	-	-	-	-	51,278
Due to clients	2,433,646	39,089	15,453	-	-	2,488,188
Debt securities	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-
Valuation adjustments on portfolios subject to interest-rate hedging	-	-	-	-	-	-
Financial liabilities by maturity	**3,220,544**	**436,144**	**120,366**	**179,682**	**-**	**3,956,741**

31 December 2020 In thousands of euros	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Unspecified	TOTAL
Cash, due from central banks and postal accounts	2,053,994	-	-	-	-	2,053,994
Financial assets at fair value through profit and loss	52,967	7,542	96,814	-	-	157,323
Financial assets at fair value through equity	-	-	463	872	6	1,341
Securities at amortised cost	6,088	-	-	433	-	6,521
Loans and receivables from credit institutions	48,600	-	-	-	-	48,600
Loans and receivables due from clients	810,814	151,036	63,585	134,750	-	1,160,185
Valuation adjustments on portfolios subject to interest-rate hedging	-	-	-	-	-	-
Financial assets by maturity	**2,972,463**	**158,578**	**160,862**	**136,055**	**6**	**3,427,964**
Due to central banks and postal accounts	-	-	-	-	-	-
Financial liabilities at fair value through profit and loss	724,070	339,874	113,185	177,622	-	1,354,751
Hedging derivatives	-	-	-	-	-	-
Due to credit institutions	22,140	-	-	-	3	22,143
Due to clients	1,683,140	108,714	38,607	-	-	1,830,461
Debt securities	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-
Valuation adjustments on portfolios subject to interest-rate hedging	-	-	-	-	-	-
Financial liabilities by maturity	**2,429,350**	**448,588**	**151,792**	**177,622**	**-**	**3,207,355**

Assessment and operational monitoring of transformation is carried out monthly based on liquidity gaps determined on the basis of the parent company's balance sheet. This is an appropriate basis because the Bank houses the Central Refinancing Unit for its subsidiaries, whose activities use little liquidity.

The management of structural liquidity risk is governed by three limits, periodically reviewed by the ALM Committee. The table below shows details of liquidity gaps at 31 December 2021.

Period	1 month	3 months	6 months	1 year	2 years	3 years	4 years	5 years
In millions of euros	2,194	2,259	2,051	1,646	1,417	1,265	1,159	1,027

Despite a conservative financial management policy, the Bank cannot rule out the possibility of significant early redemption requests from its clients. A highly adverse scenario has therefore been developed, and it is reported monthly to the Risk Committee and then to the Asset and Liability Management Committee. Examination of this scenario indicates that the Bank could easily meet its obligations in the event of the major constraints, i.e. it could:

- immediately repay all time deposits maturing in under one year;
- repay half of long-term source funds from the retail business;
- honour its commitments following the depletion of demand resources (assuming a one-third reduction in demand deposits).

An emergency funding programme has been developed to deal with any severe liquidity crisis affecting the Bank. It provides three funding options to counter a liquidity shortage:

- mobilisation of assets that are eligible as collateral for the European Central Bank (ECB);
- use of credit facilities available from correspondent banks;
- disposal of liquid assets that are not eligible as collateral for the ECB.

The emergency plan also provides for the implementation of dedicated, responsive governance arrangements suited to the level of urgency.

Section 3 - Diversification of funding sources

Given the Bank's core businesses, source funds received from interbank sources and clients do not result from an active policy of seeking resources to finance investments, but instead reflect its asset management activity (private banking deposits, intragroup deposits, issuance of structured products, repo transactions with funds) and the promotion of the Bank as a counterparty on the money market.

The Bank nonetheless pays careful attention to diversifying its funding sources, which is one of the foundations of its liquidity risk management policy. The table below provides an indication of the diversity of its funding sources at 31 December 2021:

	Banks		Private clients*		Other		Total	
In millions of euros	Amount	Number	Amount	Number	Amount	Number	Amount	Number
Cash advances	152.0	2	835.5	NA	-	-	987.5	NA
Time deposits	NA	NA	83.5	NA	NA	NA	83.5	NA
Certificates of deposit	175.3	3	-	-	-	-	175.3	3
Structured EMTNs	0	0	295.2	390	-	-	295.2	390

(*) For structured product issues, the "Private clients" column includes data relating to the Private Banking Division's clients. However, it is difficult to estimate accurately the number of investors who have subscribed to these products via other distribution channels.

Part 5

Management of overall interest-rate risk

Section 1 - Definition and origin of overall interest rate risk

Overall interest-rate risk is the risk of loss on all fixed-rate assets, liabilities and off-balance sheet commitments (except fixed-income securities in the trading portfolio that fall into the category of market risks), in the event of a parallel uniform shift in yield curves.

The sensitivity as calculated by the Bank is defined as the change in net present value of residual fixed-rate positions in the event of a concurrent uniform shift in term structures of interest rates. Sensitivity and changes in sensitivity are calculated using dedicated software (RiskConfidence developed by Moody's Analytics), based on 1% and 2% changes in interest rates.

Section 2 - Exposure to overall interest-rate risk

The overall interest-rate risk to which the Group is exposed is consistently low. Client loans and other financing are mainly linked to floating-rate benchmarks (particularly 3-month Euribor) and refinanced internally (with the trading desks) on a similar basis.

The Group manages its exposure to overall interest-rate risk in the context of a sensitivity limit reflecting the net present value of the loss incurred in the event of a uniform adverse movement of 200 basis points in the various yield curves.

The table below shows the levels of the overall fixed-interest rate gap by future period from 31 December 2021, assuming contractual settlement of existing assets and liabilities and no new lending:

Period	1 month	3 month	6 months	1 year	2 years	3 years	4 year	5 year
In millions of	434	345	327	304	279	265	250	249

The relatively small medium/long-term gap mainly results from pledged client loans. As a result, sensitivity to a uniform movement of 200 basis points in the yield curve was limited to €0.8 million at 31 December 2021.

When the amounts are significant, the Bank may have to protect investments against exchange-rate risk by borrowing an equivalent amount of the currency. The investments reported above were financed from the outset by currency purchases.

Part 6

Management of overall exchange-rate risk

The overall exchange-rate risk of the Bank's investment portfolio relates to its investments denominated in foreign currencies. It essentially results from purchases of investment fund units denominated in foreign currencies undertaken in connection with the seed money policy. The amounts concerned are shown in the following table at 31 December 2021:

Currency	Amount (in thousands of euros)
CNY	12,923
USD	9,272
UAH	300
ARS	20

Investments in subsidiaries and associates

At 31 December 2021 (in euros)

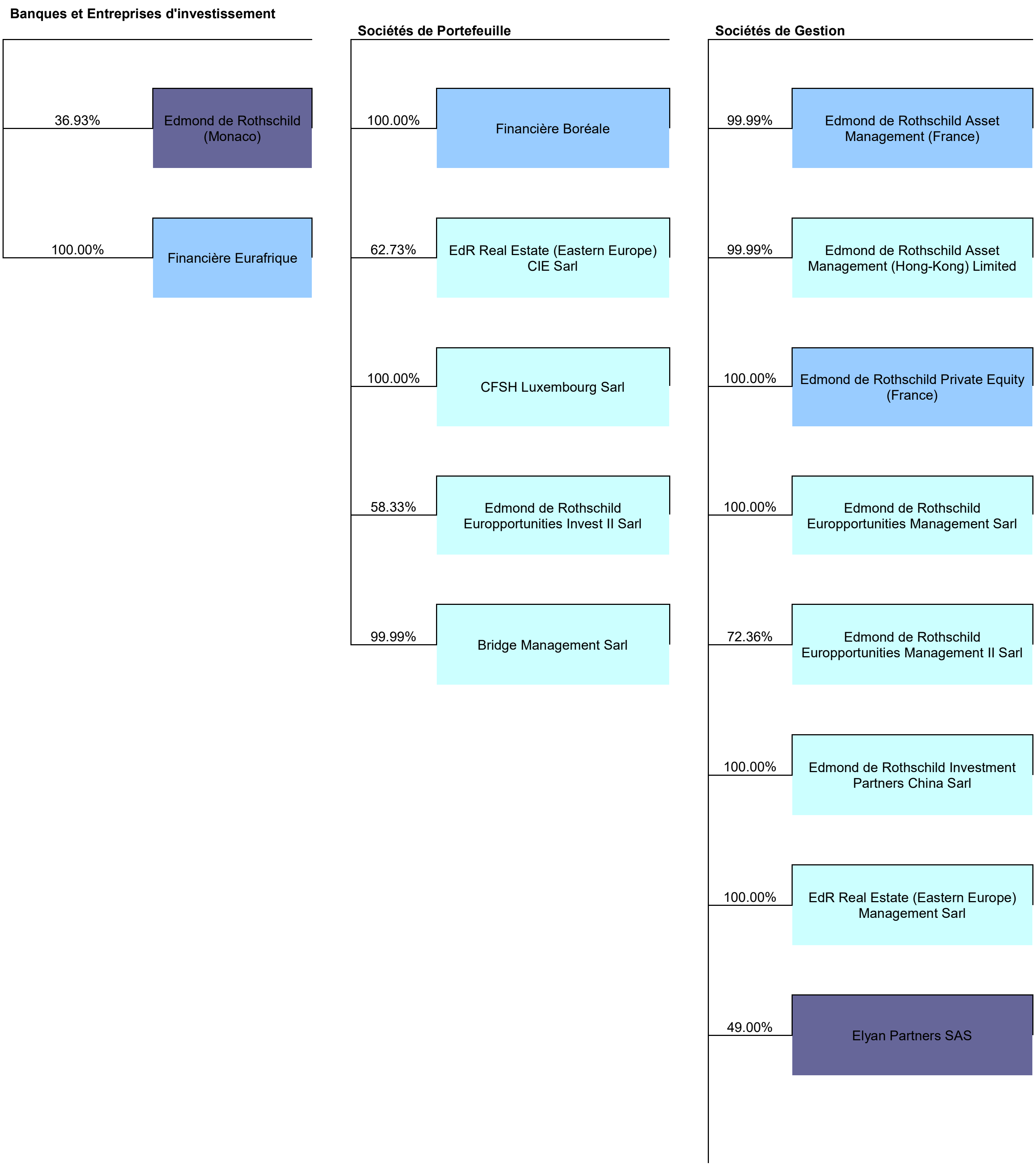
Company or group of companies	Share capital	Other equity	Percentage of share capital held
I - Details of investments (with net carrying amount exceeding 1% of Edmond de Rothschild (France)'s share capital)			
A - Subsidiaries (at least 50% held)			
Financière Boréale	6,040,024	−2,551,475	100.00%
Edmond de Rothschild Asset Management (France)	11,033,769	63,861,985	99.99%
Edmond de Rothschild Corporate Finance	61,300	834,878	100.00%
Edmond de Rothschild Private Equity (France)	2,700,000	624,725	100.00%
Edmond de Rothschild Assurances et Conseils (France)	7,034,600	* 10,057,027	100.00%
CFSH Luxembourg	12,000	* 14,226,585	100.00%
Edmond de Rothschild REIM (France)	250,000	* 3,113,964	100.00%
Edmond de Rothschild Boulevard Buildings Ltd	*** 21,199,000	*** - 1,491,000	100.00%
B - Associates (10% to 50% held)			
Edmond de Rothschild (Monaco)	13,900,000	*/*** 138,867,655	36.93%
Zhonghai Fund Management Co., Ltd.	** 146,666,700	** 105,791,101	25.00%
Edmond de Rothschild Private Equity China Investment S.C.A.	18,058,000	−8,909,428	28.10%
II - AGGREGATE FIGURES			
A - Subsidiaries not included in Section I above	-	-	-
B - Associates not included in Section I above			
French companies (aggregate)	-	-	-
Foreign companies (aggregate)	-	-	-

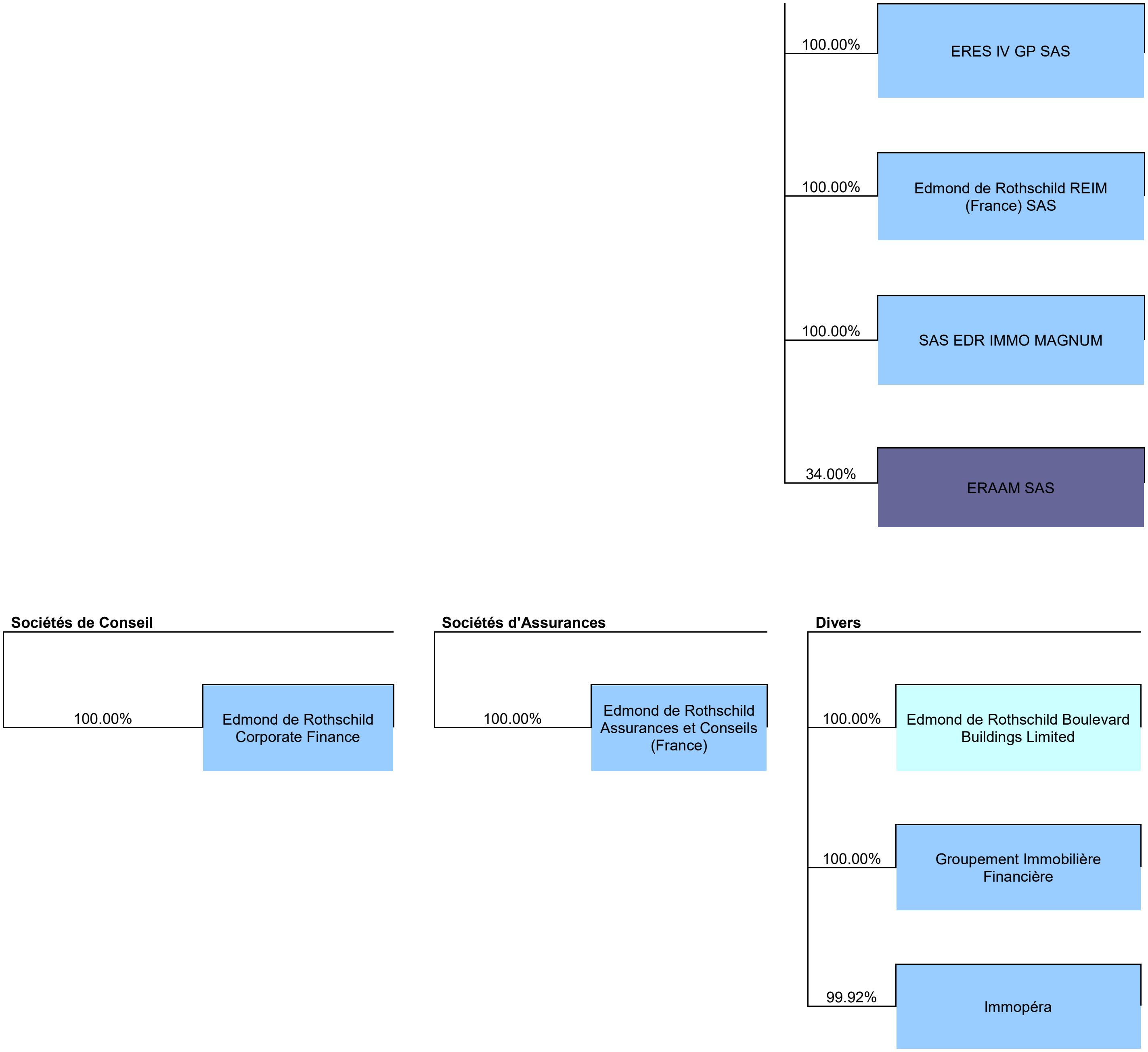
* Excluding interim dividend paid in 2021.
** In CNY. (€1 = CNY 7.19470 / 2020 data)
*** Rounded to the nearest thousand.

Carrying amount of securities held		Outstanding loans and advances made by the Bank	Guarantees provided by the Bank	Revenue for the last financial year	Net income/(loss) in the last financial year	Dividends received by the Bank during the financial year
Gross	Net					
6,400,630	3,172,921	-	-	49,427	−315,628	-
69,277,270	69,277,270	-	85,737	237,895,797	39,567,057	59,933,260
11,305,037	11,305,037	-	-	47,222,302	4,349,091	-
2,700,014	2,700,014	-	-	14,995,216	1,347,604	-
39,978,118	39,978,118	-	-	48,497,482	11,055,569	8,863,596
66,840,000	26,889,795	-	-	-	8,191,377	10,000,000
40,359,509	25,326,000	-	-	9,263,638	1,600,834	5,600,000
17,546,861	17,546,861	6,601,162	-	*** 944,000	*** - 563,000	-
4,896,449	4,896,449	-	-	*** 97,879,748	*** 28,121,973	4,523,703
31,517,330	12,435,266	-	-	** 151,310,343	** - 7,207,152	-
2,452,320	687,147	-	-	-	218,483	
623,128	119,692	440,000	-	-	-	-
448,618	448,434	-	-	-	-	417,276
66,308	66,308	-	-	-	-	-

Companies consolidated

by Edmond de Rothschild (France) at 31 December 2021





% d'intérêts Groupe

Intégration globale

Mise en équivalence

Sociétés étrangères

Parent company financial statements and notes

Parent company financial statements and notes

Parent company balance sheet and off-balance sheet items (in thousands of euros)

Assets		31/12/2021	31/12/2020
Cash, due from central banks and postal accounts		2,629,936	2,053,994
Treasury notes and similar securities	2.1	-	-
Due from credit institutions	2.2	45,115	27,781
Transactions with clients	2.3	1,427,557	1,168,634
Bonds and other fixed-income securities	2.4	3,930	3,866
Equities and other variable-income securities	2.5	62,037	73,074
Investments in subsidiaries and associates and other long-term investments	2.6	18,534	18,519
Investments in affiliates	2.7	196,316	211,452
Intangible assets	2.8	21,283	21,953
Property, plant and equipment	2.9	15,537	16,549
Treasury shares	2.10		-
Other assets	2.11	85,466	143,149
Accruals	2.12	95,130	85,031
Total assets		**4,600,841**	**3,824,002**

Liabilities and equity		31/12/2021	31/12/2020
Due to credit institutions	2.14	1,038,782	958,386
Transactions with clients	2.15	2,619,667	1,927,386
Debt securities	2.16	469,810	436,268
Other liabilities	2.11	89,176	93,012
Accruals	2.12	58,678	105,693
Provisions	2.17	5,958	6,450
Subordinated debt	2.18	21,020	21,021
Equity (excluding fund for general banking risks)	2.20	297,750	275,786
. Share capital		*83,076*	*83,076*
. Share premiums		*98,244*	*98,244*
. Reserves	2.19	*32,278*	*32,278*
. Retained earnings (+/-)		*32,171*	*65,319*
. Net income for the period (+/-)		*51,982*	*−3,131*
Total liabilities and equity		**4,600,841**	**3,824,002**

Off-balance sheet items	31/12/2021	31/12/2020
Commitments given		
Loan commitments	394,819	251,779
Guarantee commitments	66,732	40,115
Securities-related commitments	13,286	17,524
Commitments received		
Guarantee commitments	122,819	1,981
Securities-related commitments		-

Parent company income statement

In thousands of euros		2021	2020
+ Interest and similar revenues	3.1	42,603	24,523
- Interest and similar expenses	3.2	−39,714	−29,538
+ Revenues from variable-income securities	3.3	97,915	28,577
+ Fee income	3.4	91,557	86,135
- Fee expense	3.4	−22,637	−20,978
+/- Net gain/loss from trading portfolios	3.5	12,865	18,776
+/- Net gain/loss from available-for-sale securities portfolios and similar	3.6	370	−496
+ Other banking revenue	3.7	41,355	37,460
- Other banking expenses	3.8	−3,948	−3,426
Net banking income		**220,366**	**141,033**
- General operating expenses	3.9	−145,297	−136,913
- Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		−12,707	−12,217
Gross operating income		**62,362**	**−8,097**
+/- Cost of risk	3.10	−103	14
Operating income		**62,259**	**−8,083**
+/- Net gain/loss from long-term assets	3.11	−15,123	−3,329
Recurring income before tax		**47,136**	**−11,412**
+/- Extraordinary income/loss	3.12	4	75
- Income tax	3.13	4,842	8,206
Net income		**51,982**	**−3,131**

Notes to the parent company financial statements

Note 1 – Accounting policies and measurement methods

1.1. General

The parent company financial statements of Edmond de Rothschild (France) are prepared and presented in accordance with Regulation 2014-07 of the Autorité des Normes Comptables (French accounting standards authority) dated 26 November 2014.

Edmond de Rothschild (France), like all French companies, had to deal with the Covid-19 crisis in 2021, and had to make ongoing adjustments in line with developments in the pandemic, the public health situation and the successive announcements by the authorities (central government, Ministry for Health, Ministry for Employment etc.).

The company's resilience and the dedication of our staff played a major role in helping us to fulfil two key objectives throughout the crisis and particularly during lockdowns:
- firstly, to protect the health of our employees;
- but also to ensure the continuity of our business activities.

In 2021, therefore, the Covid-19 pandemic had a limited impact on the company's business, and did not jeopardise its status as a going concern.

1.2. Accounting policies and measurement methods

Translation of transactions in foreign currencies

Transactions in foreign currencies are translated into euros using the official exchange rates as published by the Banque de France at the year-end.

Investments in subsidiaries and affiliates denominated in foreign currencies but financed in euros are recorded in the balance sheet at the euro equivalent of their historical foreign-currency cost, using exchange rates prevailing at the date of acquisition or subscription. The resulting translation gains or losses are not included in income.

Loans and other financing to clients

Edmond de Rothschild (France) applies regulation no. 2014-07 issued by the ANC (Autorité des Normes Comptables – the French accounting standard-setter) on 26 November 2014 regarding the accounting treatment of credit risk in the financial statements of companies in the banking sector. Consequently, more detailed information is provided on counterparty risks and new categories of loans have been created in the financial statements as follows:

- performing loans: loans and other financing to clients are shown in the balance sheet at nominal value;
- overdue loans: payments overdue by three months or less (six months or less in the case of mortgages) continue to be reported as performing loans. Beyond these periods of time, loans – for all amounts extended to clients – are classified as doubtful;
- restructured loans: loans restructured as a result of the client's financial position are reclassified as performing loans if restructured under market conditions prevailing at the time.

Loans restructured under non-market conditions are included in a specific subcategory of performing loans until their final due date. Any principal amount or interest waived, whether due or accrued, is charged to income at the time of the restructuring. If, in view of market rates prevailing at the time a loan is restructured that are less favourable than the initial terms of the loan, or in view of the initial loan rate if not, the restructuring gives rise to a future interest difference, the present value of the difference is recorded as an impairment of the loan at the time of restructuring and included in the cost of risk, and subsequently taken to interest income over the remaining life of the loan. If the client does not pay on due dates after the restructured loan has been reclassified as performing, it is immediately downgraded.

Edmond de Rothschild (France) defines restructured loans as loans to counterparties undergoing financial difficulties such that the lender is obliged to adjust the initial terms (term, interest rate, etc.) to enable the counterparty to honour its payment obligations.

Restructured loans therefore exclude:

- loans with terms that have been renegotiated for commercial reasons with counterparties that have no solvency problems;
- loans whose theoretical repayment schedule is altered through application of an option or clause contained in the initial contract (e.g. temporary suspension and deferral of due dates);
- doubtful loans: on-balance sheet receivables and signed commitments concerning a counterparty are identified as doubtful outstandings in the Bank's

accounting information system as soon as they show a clear credit risk.

Such a risk is clear where it is probable that the Bank will not recover some or all of the amounts due under the initial contractual terms of the commitment entered into by the counterparty, notwithstanding any guarantees or security provided. The loans or other items concerned are identified by inclusion in specially created accounts.
Edmond de Rothschild (France) classifies loans and commitments with a clear credit risk as doubtful in each of the following cases:

- the loan or advance is at least three months in arrears (six months for residential mortgages and property lessees and nine months for loans to local authorities, to take account of these loans' specific characteristics). The only exception to this rule is when specific circumstances indicate that non-payment is due to causes unrelated to the debtor's financial position;
- when the characteristics of a counterparty's position in connection with a loan or off-balance sheet commitment are such that, independently of any failure to meet payment dates, it can be concluded that a clear credit risk exists. This is the case, for instance, where the Bank is aware that its counterparty's financial position is poor and there is a resulting risk of non-recovery (for example, as a result of early warning procedures);
- if there is litigation between the Bank and its counterparty, for example, over indebtedness proceedings, court-ordered administration, receivership, court-ordered liquidation, personal bankruptcy, winding-up and any proceedings before an international court.

Edmond de Rothschild (France) distinguishes between two categories of doubtful loans: uncompromised doubtful loans and compromised doubtful loans:

- uncompromised doubtful loans are doubtful loans which do not fulfil the criteria for classification as compromised doubtful loans;
- compromised doubtful loans are loans to a counterparty whose solvency is such that, after a reasonable period of classification as doubtful loans, no return to the performing loans category is foreseeable. Classification as compromised doubtful loans takes place when the accelerated payment clause comes into play or, in the case of a lease, upon termination of the lease.
- loans of an unlimited term become repayable when relations are terminated with the counterparty as notified under the procedures defined in the contract. Any loan included in doubtful loans will be automatically classified as a compromised doubtful loan after one year in the uncompromised doubtful loans category.

Any loan reclassified as performing is immediately downgraded to the compromised doubtful loans category if the client fails to make payments as and when due.
Interest ceases to be recognised once the loan is transferred to compromised doubtful loans. Disputed loans are loans whose nature or amount is being contested, not the solvency of the counterparty. These loans are included in uncompromised doubtful loans.
Provisions for clear credit risk: a specific allowance for impairment is made by a charge against income when the probability that all or part of a loan will not be repaid becomes clear. These allowances are deducted from assets.

In accordance with ANC regulation no. 2014-07 relating to the accounting treatment of credit risk, Edmond de Rothschild (France) applies the method based on discounting forecast cash flows.

Securities portfolio

The securities portfolio mainly comprises the following securities issued in France and abroad:

- fixed- and variable-income securities;
- French Treasury notes;
- other negotiable debt securities;
- interbank market securities.

These securities are classified according to the purpose for which they were acquired and, in accordance with ANC regulation no. 2014-07 on the recognition of securities transactions and regulation no. 2008-15 issued by the CRC (French accounting regulations committee) on 4 December 2008 relating to the recognition of stock option plans and bonus share plans for employees, allocated to the following categories: held-for-trading securities, available-for-sale securities, investment securities, and investments in subsidiaries and associates:

- held-for-trading securities are recognised on the date they are purchased at their purchase price, excluding incidental purchase costs and including accrued interest. Purchase costs are recognised directly as expenses. Held-for-trading securities are purchased for with a view to reselling them within a period of not more than six months.
- available-for-sale securities are recognised on the date they are purchased at their purchase price. Purchase costs are either included in the purchase price of available-for-sale securities or recognised directly as expenses, subject to compliance with the provisions of article 2371-2 of the aforementioned regulation no. 2014-07,
- investment securities are fixed-income securities with a fixed maturity date that have been acquired or transferred to the "held-for-trading securities" category or the "available-for-sale securities" category with the manifest intention of holding them until maturity. Investment securities are recognised on the date they are purchased at their purchase

price. Purchase costs are either included in the purchase price of investment securities or recognised directly as expenses, subject to compliance with the provisions of article 2371-2 of the aforementioned regulation no. 2014-07. They are intended to be held for the long term, and are either subject to specific interest-rate hedges or covered by dedicated financing resources. The difference between their purchase price and redemption value is amortised over the remaining life of the securities.
- portfolio securities, other securities held over the long term and investments in subsidiaries, associates and affiliates are recorded on the date they are purchased at their purchase price. These securities are purchased with the intention of holding them for the long term. This category includes all equity interests of 5% or more. Equity interests of less than 5% are also included if the Bank is represented in the management bodies or if another indirect investment is held via other Group companies.

Securities are shown under the following balance sheet headings:

- treasury notes and similar securities;
- bonds and other fixed-income securities;
- equities and other variable-income securities;
- associates and other long-term investments;
- investments in affiliates;
- treasury shares.

Deferred expenses must now be recognised:
- in assets, if they qualify for definition and recognition as assets or are attributable to the initial cost of assets;
- in expenses in all other cases.

Edmond de Rothschild (France) applies the provisions of France's General Accounting Plan relating to the recognition and measurement of assets and relating to the depreciation, amortisation and impairment of assets.
Property, plant and equipment are recognised at cost (purchase price plus direct ancillary expenses).
Intangible assets are mainly made up of software, which is recorded under intangible assets in progress until put into use.
Property, plant and equipment and intangible assets qualifying for depreciation or amortisation are depreciated or amortised over their period of use within the company.

Treasury shares
The Bank's treasury shares are recognised as available-for-sale securities.
The company applies the measurement rules set out in CRC regulation no. 2008-15 of 4 December 2008 relating to the recognition of stock option plans and bonus share plans for employees, in accordance with the instructions of ANC regulation no. 2014-07.
Implementation of those rules has no impact on the financial statements, as these principles were already being applied to the parent company financial statements.
Additions to and reversals of provisions and expenses related to the plans are now presented under personnel expenses.

Non-current assets
Intangible assets relate primarily to purchased software that is amortised over one to three years.
Depreciation of office furniture and equipment, computer hardware, fixtures and fittings, and vehicles is determined on the following basis:

- straight-line method: 10-25%;
- reducing balance method: 37.5% and 40%.

The building owned by Edmond de Rothschild (France) is being depreciated over 25 years.

As part of the convergence between French GAAP and International Financial Reporting Standards (IFRSs), and in accordance with ANC regulation no. 2014-07, deferred expenses or expenses to be amortised over several periods are not recognised as assets.

In relation to treasury shares allocated to a plan, a liability provision is set aside over the grant period and adjusted on the basis of the number of shares granted to beneficiaries.
Treasury shares not allocated to a plan may be impaired if their net carrying amount is greater than the share price on the balance-sheet date, as for other available-for-sale securities.

Interest and fee income and expenses
Income from interest and bank charges are recorded in the income statement on an accrual basis.
In general, fees are also recorded on an accrual basis.

Valuation of securities
Securities held by the Bank at year-end are valued as follows:

- held-for-trading securities are valued at market price at year-end, with positive or negative valuation differences being taken to income;
- available-for-sale securities are measured at the lower of acquisition cost and market value (based on the average market price in December) or, in the case of unlisted securities, at their estimated realisable value.
- there is no netting between the resulting unrealised gains and losses, and only unrealised losses are recognised through impairment of the securities portfolio;
- investment securities on which the interest-rate risk is hedged are not impaired when their market value falls below their carrying amount. Unrealised gains are not recognised;
- investments in subsidiaries and associates are measured at their value in use. For listed securities, market prices are not the only assessment criterion.

Unrealised gains are not recognised, and unrealised losses give rise to impairment of the securities portfolio.

Value in use is calculated using multiple criteria, including the present value of estimated future cash flows and a proportion of equity.

Income and expenses relating to forward financial instruments

The accounting principles adopted are those defined by the regulations of the French Banking and Finance Regulation Committee (CRBF), the instructions of the Banque de France's prudential control and resolution authority (ACPR) and the opinions of the ANC.

Those principles are based mainly on the type of transaction, its purpose, and the type of market on which it takes place:

- interest-rate swaps;
- income and expenses relating to instruments used to hedge transactions identified from the outset are recognised in the income statement on a symmetrical basis with the income and expenses from the hedged item;
- interest-rate futures (notional, Euribor, etc.).

Gains and losses resulting from hedges of transactions on underlying capital markets are amortised over the remaining maturity of the transactions hedged.

While a contract is still outstanding, one of two recognition methods is applied:

- transactions on organised or similar markets: the gains or losses resulting from measurement of contracts are taken to income,
- over-the-counter: only unrealised losses are provisioned,
- forward-rate agreements (FRAs): income and expenses relating to FRAs used for hedging are taken to income on a symmetrical basis with the income and expenses from the hedged instrument. In the case of market transactions, gains and losses are recorded in the income statement when the operation is settled.
- options (foreign-exchange, interest-rate, index and equity options): premiums are recorded in a suspense account when the contract is initiated. When contracts are settled, in the case of hedging transactions, they are taken to income on a symmetrical basis with the gains and losses on the hedged items.

In the case of market transactions, they are taken to income. Outstanding contracts relating to market transactions are remeasured at market value at the balance sheet date.

Any unrealised gain or loss on contracts traded on organised markets is taken to the income statement.
For contracts traded over the counter, only unrealised losses are provisioned.

Pensions and other employee benefit liabilities

The French banking industry's own pension system was changed by an agreement signed on 13 September 1993 by the French Banking Association (AFB). All French banks are now members of the nationwide unfunded multi-employer plans AGIRC and ARRCO.
The Bank does not apply the preferred method consisting of setting aside provisions for post-employment benefits under defined-benefit plans, i.e. pension plans, supplementary pensions and termination benefits.

As regards termination benefits for retiring employees, since 2021 Edmond de Rothschild (France) has attributed benefits to periods of service on a straight-line basis from the date on which employee service first leads to benefits, instead of from the date on which the staff member's period of service begins (i.e. the company has adopted the IFRS IC decision of April 2021 in relation to IAS 19). Liabilities relating to termination benefits for retiring employees amounted to €3.4 million at 31 December 2021, with the change in method having an impact of €0.4 million.

Provision for long-service awards

In accordance with Recommendation 2003-R.01 of 1 April 2003 issued by the French National Accounting Committee and CRC Regulation 2000-06 relating to liabilities, a provision was set aside at year-end to cover probable payments to certain current employees (expected payments relating to long-service awards). At 31 December 2021, that provision totalled €745.0 thousand.

Income tax

Edmond de Rothschild (France) and some of its subsidiaries have opted to form a tax consolidation group from 1 January 2020. The parent company and those subsidiaries have agreed that the advantage or disadvantage arising from the tax consolidation (difference between the consolidated tax charge and the total of the tax charges of the companies calculated independently) is to be recognised immediately in the parent company's income statement.

Mandatory employee profit-sharing

Amounts to be paid under the French mandatory profit-sharing system are provided for on the basis of an agreement formed within Edmond de Rothschild (France)'s UES (a legally recognised group of integrated companies in France).

Related-party transactions

Under ANC regulation no. 2014-07, Edmond de Rothschild (France) presents related-party transactions in Note 9 to the financial statements.

Contribution to the Single Resolution Fund

Edmond de Rothschild (France) applies ANC regulation no. 2020-10 of 22 December 2020, amending ANC regulation no. 2014-07 of 26 November 2014 regarding the financial statements of companies in the banking sector.

This regulation provides for the netting of certain assets and liabilities that would result in a reduction in contributions to the Single Resolution Fund (SRF). Edmond de Rothschild (France) did not have any netted transactions at the accounts closing date.

Note 2 – Analysis of balance sheet items

	In thousands of euros	31/12/2021	31/12/2020
2.1.	**Treasury notes and similar securities**		
	Available for sale	-	-
	Sub-total	**-**	**-**
	Impairment	-	-
	Net total	**-**	**-**

		31/12/2021			31/12/2020		
	In thousands of euros	Demand deposits	Time deposits	Total	Demand deposits	Time deposits	Total
2.2.	**Due from credit institutions**						
	Overdrafts	25,103		25,103	27,765	-	27,765
	Loans		20,000	20,000	-	-	-
	Securities received under repurchase agreements				-	-	-
	Sub-total	**25,103**	**20,000**	**45,103**	**27,765**	**-**	**27,765**
	Related receivables	1	11		1	15	16
	Total	**25,104**	**20,011**	**45,115**	**27,766**	**15**	**27,781**

	In thousands of euros	31/12/2021	31/12/2020
2.3.	**Transactions with clients**		
	Other loans and financing		
	- Loans	*544,723*	*404,200*
	- Securities received under repurchase agreements	-	-
	Sub-total	**544,723**	**404,200**
	Overdrafts	882,834	764,433
	Unassigned values		1
	Total gross value	**1,427,557**	**1,168,634**
	Doubtful loans (1)	456	330
	Impairment of doubtful loans (1)	−456	−330
	Total (2)	**1,427,557**	**1,168,634**

(1) At 31 December 2021, compromised doubtful loans amounted to €456 thousand and were fully provisioned.
(2) Including related receivables totalling €1,472 thousand in 2021 and €1,220 thousand in 2020.

No loans were eligible for central-bank refinancing at 31 December 2021.

No client loans classified as doubtful at 31 December 2021 were reclassified as performing loans during 2021.

	In thousands of euros	31/12/2021	31/12/2020
2.4.	**Bonds and other fixed-income securities**		
	Available for sale	2,134	2,134
	Investment	-	-
	Sub-total	**2,134**	**2,134**
	Related receivables	1,796	1,732
	Total gross value	**3,930**	**3,866**
	Impairment	-	-
	Net total	**3,930**	**3,866**

No securities changed category during 2021.
The total net carrying amount of unlisted securities was €3.93 million.
The “available-for-sale securities” item includes €2.13 million of undated subordinated notes issued by Financière Eurafrique.

	In thousands of euros	31/12/2021 Held for trading	Available for sale	Total	31/12/2020 Held for trading	Available for sale	Total
2.5.	**Equities and other variable-income securities**						
	Securities held	-	68,788	68,788	-	80,288	80,288
	Impairment	-	−6,751	−6,751	-	−7,214	−7,214
	Net total	**-**	**62,037**	**62,037**	**-**	**73,074**	**73,074**
	Unrealised capital gains (1)	-	32,693	32,693	-	26,576	26,576

(1) Difference between cost and market value.

No securities changed category during 2021.

The total net carrying amount of listed securities was €0 thousand and the total net carrying amount of unlisted securities was €62,037 thousand.

Within the available-for-sale securities category, fund units break down as follows:

In thousands of euros	31/12/2021 French	Foreign	Total	31/12/2020 French	Foreign	Total
Capitalisation funds	54,518	7,519	62,037	64,276	8,777	73,053
Other funds	-	-	-	-	-	-
Total	**54,518**	**7,519**	**62,037**	**64,276**	**8,777**	**73,053**

	In thousands of euros	31/12/2021 Gross	Impairment	Net	31/12/2020 Gross	Impairment	Net
2.6.	**Investments in subsidiaries and associates and other long-term investments**						
	Investments in subsidiaries						
	- Credit institutions	*4,964*		*4,964*	*4,964*	*-*	*4,964*
	- Other companies	*34,417*	*−20,847*	*13,570*	*34,411*	*−20,848*	*13,563*
	Sub-total	**39,381**	**−20,847**	**18,534**	**39,375**	**−20,848**	**18,527**
	Exchange difference	-	-	-	-	-	-
	Total	**39,381**	**−20,847**	**18,534**	**39,375**	**−20,848**	**18,527**

The total net carrying amount of listed securities was €12.50 million and the total net carrying amount of unlisted securities was €6.03 million.
Major investments in subsidiaries and affiliates are listed in the table “Investments in subsidiaries”.

	In thousands of euros	31/12/2021 Gross	Impairment	Net	31/12/2020 Gross	Impairment	Net
2.7.	**Investments in affiliates**						
	Financial and non-financial companies	258,683	−58,715	199,968	256,379	−43,587	212,792
	Exchange difference	−3,652	-	−3,652	−1,348	-	−1,348
	Total	**255,031**	**−58,715**	**196,316**	**255,031**	**−43,587**	**211,444**

The total net carrying amount of securities relates to unlisted securities.

The list of affiliates is as follows:
— Edmond de Rothschild Asset Management (France)
— Financière Boréale
— Edmond de Rothschild Corporate Finance
— Edmond de Rothschild Private Equity Partners (France)
— Edmond de Rothschild Assurances et Conseils (France)
— Edmond de Rothschild Real Estate (Eastern Europe) CIE SàRL (A and B units)
— CFSH Luxembourg
— Edmond de Rothschild Building Ltd (Israel)
— Edmond de Rothschild REIM (France)
— SAS EDR IMMO MAGNUM

	In thousands of euros	Start of period	Acquisitions/transfers in	Disposals/transfers out	Other changes	End of period
2.8.	**Intangible assets**					
	Gross value					
	Business goodwill (including leasehold right)	3,881				3,881
	Other intangible assets	135,672	9,715			145,387
	Intangible assets in progress					
	Total	**139,553**	**9,715**			**149,268**
	Depreciation and impairment					
	Other intangible assets	−117,600	−10,385			−127,985
	Total	**−117,600**	**−10,385**			**−127,985**
	Net carrying amount	**21,953**				**21,283**

	In thousands of euros	Start of period	Acquisitions/ transfers in	Disposals/ transfers out	Other changes	End of period
2.9.	**Property, plant and equipment**					
	Gross value					
	Land	11,434				11,434
	Buildings	21,100				21,100
	Computer hardware	32,003	1,088			33,091
	Fixtures, fittings and other property, plant and equipment	39,605	213			39,818
	Property, plant and equipment in progress	-				-
	Total	**104,142**	**1,301**			**105,443**
	Depreciation and impairment					
	Buildings	−20,730	−40			−20,770
	Computer hardware	−29,146	−1,739			−30,885
	Fixtures, fittings and other property, plant and equipment	−37,717	−534			−38,251
	Total	**−87,593**	**−2,313**			**−89,906**
	Net carrying amount	**16,549**				**15,537**

2.10. Treasury shares and stock option plans

The Bank no longer holds treasury shares.

At 31 December 2021, there was no longer any stock option plan for Edmond de Rothschild (France) employees.

		31/12/2021		31/12/2020	
	In thousands of euros	Assets	Liabilities	Assets	Liabilities
2.11	**Other assets and liabilities**				
	Option premiums				
	Margin calls	12,165	7,221	61,616	50,668
	Guarantee deposits	2,950	19,790	30,584	2,071
	Miscellaneous	70,351	62,165	50,949	40,273
	Total	**85,466**	**89,176**	**143,149**	**93,012**

		31/12/2021		31/12/2020	
	In thousands of euros	Assets	Liabilities	Assets	Liabilities
2.12	**Accruals, assets and liabilities**				
	Items under collection	3	-	12	-
	Prepaid expenses	8,594	-	7,832	-
	Accrued income	65,833	-	73,847	-
	Prepaid income	-	2,480	-	2,601
	Accrued expenses		55,218	-	69,993
	Miscellaneous	20,700	980	3,340	33,099
	Total	**95,130**	**58,678**	**85,031**	**105,693**

	In thousands of euros	Start of period	Acquisitions/transfers in	Disposals/transfers out	Other changes	End of period
2.13.	**Long-term financial assets**					
	Gross value					
	Bonds and other fixed-income securities	-	-	-	-	-
	Investments in subsidiaries and associates and other	39,368	5	-	8	39,381
	Investments in affiliates	255,039	-	-	−8	255,031
	Total	**294,407**	**5**	**-**	**-**	**294,412**
	Impairment					
	Investments in subsidiaries and associates and other	−20,848	-	1	-	−20,847
	Investments in affiliates	−43,587	−15,139	11	-	−58,715
	Total	**−64,435**	**−15,139**	**12**	**-**	**−79,562**
	Net carrying amount					
	Bonds and other fixed-income securities	-	-	-	-	-
	Investments in subsidiaries and associates and other	18,520	5	1	8	18,534
	Investments in affiliates	211,452	−15,139	11	−8	196,316
	Total	**229,972**	**−15,134**	**12**	**-**	**214,850**

		31/12/2021			31/12/2020		
	In thousands of euros	Demand deposits	Time deposits	Total	Demand deposits	Time deposits	Total
2.14.	**Due to credit institutions**						
	Deposits	50,140	-	50,140	22,208	-	22,208
	Borrowings	-	987,586	987,586	-	935,196	935,196
	Sub-total	**50,140**	**987,586**	**1,037,726**	**22,208**	**935,196**	**957,404**
	Related payables		1,056	1,056		982	982
	Total	**50,140**	**988,642**	**1,038,782**	**22,208**	**936,178**	**958,386**

		31/12/2021			31/12/2020		
	In thousands of euros	Demand deposits	Time deposits	Total	Demand deposits	Time deposits	Total
2.15	**Transactions with clients**						
	Special savings accounts						
	- Special savings accounts	-	*103,158*	*103,158*	-	*100,802*	*100,802*
	- Related payables	-	-	-	-	-	-
	Sub-total	**-**	**103,158**	**103,158**	**-**	**100,802**	**100,802**
	Other payables						
	- Demand deposits	*2,405,555*	-	*2,405,555*	*1,661,635*	-	*1,661,635*
	- Time deposits	-	*71,580*	*71,580*	-	*143,607*	*143,607*
	- Securities delivered under repurchase	-	-	-	-	-	-
	- Other miscellaneous payables	-	*39,343*	*39,343*	-	*21,224*	*21,224*
	- Related payables	-	*31*	*31*	-	*118*	*118*
	Sub-total	**2,405,555**	**110,954**	**2,516,509**	**1,661,635**	**164,949**	**1,826,584**
	Total	**2,405,555**	**214,112**	**2,619,667**	**1,661,635**	**265,751**	**1,927,386**

	In thousands of euros	31/12/2021	31/12/2020
2.16	**Debt securities**		
	Interbank market instruments and negotiable debt instruments	469,098	436,166
	Bonds	-	-
	Sub-total	**469,098**	**436,166**
	Related payables	712	102
	Total	**469,810**	**436,268**

	In thousands of euros	Start of period	Additions	Reversed and used	Reversed to income	Other changes	End of period
2.17.	**Provisions**						
	Provisions for charges						
	Provisions for long-service benefits	790	84	−53	−76	-	745
	Provisions for possible losses on treasury shares (1)	-	-	-	-	-	-
	Provisions for litigation expenses	-	-	-	-	-	-
	Other provisions for charges	1,212	916	−645	−38	-	1,445
	Sub-total	**2,002**	**1,000**	**−698**	**−114**	**-**	**2,190**
	Provisions for contingencies						
	Provisions for litigation (2)	2,712	465	−860	−355	-	1,962
	Other provisions for contingencies	1,736	70			-	1,806
	Sub-total	**4,448**	**535**	**−860**	**−355**	**-**	**3,768**
	Total	**6,450**	**1,535**	**−1,558**	**−469**	**-**	**5,958**

(1) Additions to provisions for liabilities are mainly intended to cover litigation with third parties. Reversals of provisions relate mainly to litigation and the private equity business.

An additional supplementary pension plan set up in December 2004 was closed on 31 December 2012, although its provisions were maintained for beneficiaries born before 31 December 1953.

It applies to a category of senior employees for whom the existing basic and complementary pension plans provide a significantly lower rate of income replacement than for other categories of personnel.

This plan is a defined-benefit plan expressed in terms of the overall final pension (limited in time) or in terms of the top-up pension it provides in addition to the basic pensions.

The unfunded actuarial liability at the rate of 0.87% fell from €26,996 thousand to €25,232 thousand at 31 December 2021.

Taxation of annuities: Article 113 of French act 2003-775 of 21 August 2003 on pension reform alters the way in which social security contributions, the general social contribution (CSG) and the tax to repay social-security debt (CRDS) apply to employers' contributions to funding pension benefits. In return for exempting contributions from social security charges, a tax payable exclusively by the company was established.

The 2010 social security financing act doubled the tax levied on annuities exceeding one third of the annual social security ceiling, raising it from 8% to 16%.

The 2011 social security financing act subsequently modified the basis for applying this tax. The allowance was eliminated and the 16% tax thus applied from the first euro of the annuity, for all annuities paid after 1 January 2001.

The Group had previously opted for the tax on annuities, but at the end of 2011 it chose to change options as allowed by the 2011 social security financing act for defined-benefit plans consistent with Article L. 137-11. It is now taxed at 12% based on all contributions paid into the fund.

In addition to the foregoing tax, an additional 30% contribution to be paid by employers from the first euro was established on annuities exceeding eight times the annual ceiling and paid from 1 January 2010. These impacts were measured in 2009.

As measured by the preferred method (not applied by the Bank) the financial coverage calculation shows that a provision of €1,410 thousand would have been set aside in 2021 as opposed to €5,368 thousand in 2020.

Plan assets were valued at €23,822 thousand in 2021 and the net residual gain relating to past service cost was zero at 31 December 2021.

Provisions do not include any amounts for termination benefits to be paid to retiring employees (€3,378 thousand in 2021 against €4,173 thousand in 2020).

Provisions for banking risks came to €2,454 thousand in 2021 (€2,712 thousand in 2020).

In thousands of euros		31/12/2021	31/12/2020
2.18	**Subordinated debt**		
	Undated subordinated notes (1)	21,000	21,000
	Related payables	20	21
	Total	**21,020**	**21,021**

(1) In June 2007, the Bank issued €50.0 million of undated super-subordinated notes. In the event of the issuer's liquidation, holders of these notes will be paid only after other creditors but before holders of participating loans or participating securities.

After discussions with one of the noteholders, Edmond de Rothschild (France) made an offer to repurchase part of the notes with a nominal amount of €29.0 million, at a discount of 7.5%.

After obtaining the authorisation of the ACP on 12 July 2013, €29.0 million of notes were repurchased and cancelled in August 2013.

The undated super-subordinated notes carry financial covenants:

- non-payment of interest in the event of insufficient capital related to non-compliance with prudential capital adequacy ratios or a deterioration in the Bank's financial position;
- reduction of accrued interest due and payable and then of the nominal value of the notes if the Bank has not taken action to remedy the capital situation within a specific period.

The main financial characteristics of these notes are as follows:

Issue date	Optional early redemption date (call option)	Rate until early redemption	Rate after early redemption	Interest step-up from the optional early redemption date
June 2007	June 2017 then quarterly	6.36 % (*)	Euribor + 2.65%	+ 100 basis points

(*) Rate set by reference to the 10-year swap rate in euros on 4 June 2007: 4.71% + 1.65%.

In thousands of euros		31/12/2021	31/12/2020
2.19.	**Reserves**		
	Statutory reserve	8,308	8,308
	Regulated reserves	152	152
	Other reserves	23,818	23,818
	Total	**32,278**	**32,278**

In thousands of euros		Share capital	Share premiums	Reserves	Retained earnings	Income	Total
2.20.	**Changes in equity**						
	Position at start of period	**83,076**	**98,244**	**32,278**	**65,319**	**−3,131**	**275,786**
	Capital increase	-	-	-	-	-	-
	Net income for the period (before	-	-	-	-	51,982	51,982
	Dividends	-	-	-	−30,018	-	−30,018
	Other movements	-	-	-	−3,131	3,131	-
	Position at end of period	**83,076**	**98,244**	**32,278**	**32,170**	**51,982**	**297,750**

At 31 December 2021, the share capital amounted to €83,075,820.00, consisting of 5,538,388 shares with nominal value of €15 each, and was held as follows:

	Number of shares	% interest
EDMOND DE ROTHSCHILD (SUISSE) S.A.	5,538,329	100.00%
Other natural persons	59	NM
Total	**5,538,388**	**100.00%**

Net income available for distribution (in euros):

Net income for 2021	51,981,795.82
Balance carried forward at end of period	32,170,878.58
Appropriation to the statutory reserve	-
Net income available for distribution	**84,152,674.40**

Net income available for distribution is appropriated as follows (*):

Distribution of a dividend of €9.03 per share, i.e.	€50,011,643.64.
Retained earnings	€34,141,030.76.

(*) This dividend payment is subject to approval by shareholders as usual in the Annual General Meeting scheduled to take place on 4 May 2022.

	In thousands of euros	31/12/2021	31/12/2020
2.21	**Transactions with affiliates**		
	Assets		
	Transactions with clients (excluding related receivables)	5,682	8,218
	Liabilities		
	Transactions with clients (excluding related liabilities)	106,141	70,949

	In thousands of euros	< 3 months	> 3 months < 1 year	> 1 year < 5 years	> 5 years	Total
2.22	**Analysis of certain assets and liabilities by remaining time to**					
	Assets					
	Due from credit institutions	45,115				45,115
	Transactions with clients	945,991	176,096	55,384	250,086	1,427,557
	Bonds and other fixed-income securities	-			3,930	3,930
	Total	**991,106**	**176,096**	**55,384**	**254,016**	**1,476,602**
	Liabilities					
	Due to credit institutions	743,840	270,565	10,000	14,377	1,038,782
	Transactions with clients	2,567,039	38,771	13,857		2,619,667
	Debt securities	13,743	125,980	164,775	165,312	469,810
	- Interbank market instruments and negotiable debt instruments	*13,743*	*125,980*	*164,775*	*165,312*	*469,810*
	- Bonds	-	-	-	-	-
	Total	**3,324,622**	**435,316**	**188,632**	**179,689**	**4,128,259**

Note 3 – Analysis of income statement items

	In thousands of euros	2021	2020
3.1.	**Interest and similar revenues**		
	On transactions with credit institutions	28,510	3,254
	On transactions with clients	13,922	11,107
	On bonds and other fixed-income securities	-	10,070
	Other interest and similar revenues	171	92
	Total	**42,603**	**24,523**

	In thousands of euros	2021	2020
3.2.	**Interest and similar expenses**		
	On transactions with credit institutions	−13,224	−26,267
	On transactions with clients	−144	−355
	On bonds and other fixed-income securities	−25,650	−2,461
	Other interest and similar expenses	−696	−455
	Total	**−39,714**	**−29,538**

	In thousands of euros	2021	2020
3.3.	**Revenues from variable-income securities**		
	Equities and other variable-income securities	8,577	2,972
	Investments in subsidiaries and associates and other long-term investments	4,940	5,104
	Investments in affiliates	84,398	20,501
	Total	**97,915**	**28,577**

		2021		2020	
	In thousands of euros	Gains	Expense	Income	Expenses
3.4.	**Fees**				
	Cash and interbank transactions	-	−11	-	−5
	Transactions with clients	544	-	16	-
	Securities transactions	-	-	-	-
	Foreign exchange transactions	55	-	38	-
	Off-balance sheet transactions			-	-
	- Securities transactions	*673*	-	*1,019*	-
	– Transactions in forward financial instruments	*2,005*	*−1,151*	*5,165*	*−3,537*
	Financial services	88,280	−21,475	79,897	−17,436
	Additions to/reversals of provisions	-	-	-	-
	Total	**91,557**	**−22,637**	**86,135**	**−20,978**

		2021			2020		
	In thousands of euros	Gains	Losses	Balance	Gains	Losses	Balance
3.5	**Gains/losses on transactions in trading portfolios**						
	Held-for-trading securities	631	−3	628	416	−40	376
	Foreign exchange transactions	368,962	−356,725	12,237	447,329	−428,929	18,400
	Forward financial instruments	-	-	-	-	-	-
	Additions to/reversals of provisions	-	-	-	-	-	-
	Total	**369,593**	**−356,728**	**12,865**	**447,745**	**−428,969**	**18,776**

	In thousands of euros	2021 Gains	2021 Losses	2021 Balance	2020 Gains	2020 Losses	2020 Balance
3.6.	**Gains/losses on transactions in available-for-sale assets and similar**						
	Losses on disposal	-	−94	−94	-	−97	−97
	Gains on disposal	-	-	-	29	-	29
	Additions to/reversals of impairment	518	−55	463	569	−997	−428
	Additions to/reversals of provisions		-	-	-	-	-
	Total	**518**	**−149**	**369**	**598**	**−1,094**	**−496**

	In thousands of euros	2021	2020
3.7.	**Other banking revenues**		
	Expenses transferred to other companies	13,160	10,738
	Other ancillary income	27,874	26,865
	Miscellaneous	471	325
	Additions to/reversals of provisions	−150	−468
	Total	**41,355**	**37,460**

	In thousands of euros	2021	2020
3.8.	**Other banking expenses**		
	Revenues transferred to other companies	−3,591	−2,249
	Miscellaneous	−185	−1,296
	Additions to/reversals of provisions	−172	119
	Total	**−3,948**	**−3,426**

	In thousands of euros	2021	2020
3.9.	**General operating expenses**		
	Wages and salaries	−50,769	−46,072
	Social security expenses	−24,858	−23,325
	Employee incentive plans	−46	−168
	Mandatory employee profit-sharing	−4,331	−2,373
	Payroll taxes	−4,903	−5,246
	Additions to provisions for personnel expenses	−1,249	−1,570
	Reversals of provisions for personnel expenses	1,644	1,906
	Sub-total - Personnel expenses	**−84,512**	**−76,848**
	Taxes other than income tax	−2,141	−2,495
	Rental expenses	−11,514	−11,247
	External services	−46,594	−45,842
	Travel expenses	−536	−481
	Miscellaneous operating expenses	-	-
	Additions to provisions for administrative expenses	-	-
	Reversals of provisions for administrative expenses	-	-
	Sub-total - Administrative expenses	**−60,785**	**−60,065**
	Total	**−145,297**	**−136,913**

In thousands of euros	2021	2020
3.10 Cost of risk		
Impairment of doubtful debts	−128	-
Additions to provisions	-	-
Net losses on receivables written off	−19	-
Reversals of impairment on doubtful debts now performing	2	4
Reversals of provisions	-	-
Amounts recovered on receivables formerly written off	42	10
Total	**−103**	**14**

In thousands of euros	2021	2020
3.11. Gains and losses on long-term assets		
Gains on sales of intangible assets and property, plant and equipment	-	-
Gains on sales of long-term financial assets	4	-
Losses on sales of intangible assets and property, plant and equipment	-	-
Losses on sales of long-term financial assets	-	-
Additions to impairment of long-term financial assets	−15,139	−3,329
Reversals of impairment of long-term financial assets	12	-
Reversals of contingency and loss provisions	-	-
Total	**−15,123**	**−3,329**

3.12. Non-recurring items

Non-recurring items produced a gain of €4.0 thousand in 2021.

3.13. Income tax

Calculated on the basis of the tax consolidation group, there was an income tax credit of €4,842 thousand in 2021.

Had it been taxed separately, Edmond de Rothschild (France), excluding deferred tax, would not have been subject to income tax because it made a loss for tax purposes.

Note 4 – Additional information on banking activities

Analysis of net banking income

The analysis of net banking income by major business segment, which is extracted from the accounting presentation of the income statement, can be broadly summarised as follows:

In thousands of euros	2021	2020
- Asset management	76,224	72,369
- Interest-earning operations	13,400	9,191
- Capital markets transactions, securities portfolio and other	129,498	58,583
- Corporate advisory services	1,244	890
Net banking income	**220,366**	**141,033**

Net banking income amounted to €220 million in 2021, up 56.25% relative to 2020 (€141 million).

The €79.3 million increase was due to the following factors:

- Revenue from the securities portfolio and capital markets transactions rose €71 million compared with 2020. The increase was mainly caused by the higher amount of dividends received in 2021 (up €69.3 million relative to 2020).

- Asset management fee income rose by €3.9 million, from €72.4 million in 2020 to €76.2 million in 2021, driven primarily by a €6 million increase in management fee income (asset management and custody fees), offset by a €3.5 million decrease in transaction fee income.

- Profit from interest-earning operations rose by €4.2 million, from €9.2 million in 2020 to €13.4 million in 2021, mainly as a result of growth in mortgages and overdrafts.

Note 5 – Off-balance sheet items

	In thousands of euros	31/12/2021	31/12/2020
5.1.	**Transactions with affiliates**		
	Commitments given		
	Loan commitments	5,000	212
	Guarantee commitments	86	86

5.2. Transactions in forward financial instruments

Transactions in interest-rate instruments are concluded for micro-hedging purposes. Foreign exchange options may be entered into as part of the management of a specialised portfolio, or are matched.

Commitments related to forward financial instruments – the nominal value of which is expressed in thousands of euros – break down as follows:

At 31 December 2021	Micro-hedging		Trading portfolio		Total	
In thousands of euros	Purchases	Sales	Purchases	Sales	Purchases	Sales
Organised or similar markets						
Futures and swaps						
Currency swaps (1)	1,832,057	1,812,277	-	-	1,832,057	1,812,277
Interest-rate swaps	344,858	656,191			344,858	656,191
Total	**2,176,915**	**2,468,468**	**-**	**-**	**2,176,915**	**2,468,468**
Over the counter						
Futures and swaps						
Interest-rate and index swaps (1)	255,930		-	-	255,930	-
Sub-total	255,930	-	-	-	255,930	-
Interest-rate and index						
options	-	-	-	-	-	-
Sub-total						
Total	**255,930**	**-**	**-**	**-**	**255,930**	**-**

At 31 December 2020	Micro-hedging		Trading portfolio		Total	
In thousands of euros	Purchases	Sales	Purchases	Sales	Purchases	Sales
Organised or similar markets						
Futures and swaps						
Currency swaps (1)	1,746,788	1,739,601	-	-	1,746,788	1,739,601
Interest-rate swaps	227,360	1,019,810			227,360	1,019,810
Total	1,974,148	2,759,411	-	-	1,974,148	2,759,411
Over the counter						
Futures and swaps						
Interest-rate and index swaps (1)	230,639	15,000	-	-	230,639	15,000
Sub-total	230,639	15,000	-	-	230,639	15,000
Options						
Interest-rate and index options	-	-	-	-	-	-
Sub-total						
Total	**230,639**	**15,000**	**-**	**-**	**230,639**	**15,000**

(1) of which €2,000.00 thousand relating to affiliates.

The residual values of the above commitments break down as follows:

At 31 December 2021	Less than 1 year		1 to 5 years		More than 5 years	
In thousands of euros	Purchases	Sales	Purchases	Sales	Purchases	Sales
Organised or similar markets	1,848,425	2,394,571	100,082	71,356	228,408	2,541
Over the counter	3,750		84,328		167,852	

At 31 December 2020	Less than 1 year		1 to 5 years		More than 5 years	
In thousands of euros	Purchases	Sales	Purchases	Sales	Purchases	Sales
Organised or similar markets	1,804,844	2,717,144	55,794	40,517	113,510	1,750
Over the counter	-	15,000	67,360	-	163,279	-

The Bank's exposure to market risks related to transactions in financial instruments is summarised as follows (in thousands of euros):

Type of risk	Type of transaction	Assumptions	Sensitivity	
			31/12/2021	31/12/2020
Interest-rate risk	Short-term transactions in euros	1% adverse movement in the yield curve	32	115
	Short-term transactions in foreign currencies	1% adverse movement in the yield curve	81	205
Exchange-rate risk	Spot and forward foreign exchange transactions	8% adverse movement in exchange rates	47	101

		Positive value		Negative value	
	In thousands of euros	31/12/2021	31/12/2020	31/12/2021	31/12/2020
5.3.	**Fair value of transactions in forward financial instruments**				
	Organised or similar markets				
	Futures and swaps				
	Currency and interest-rate swaps	29,155	6,412	−6,453	−29,684
	Over the counter				
	Futures and swaps				
	Interest-rate and index swaps	4,214	4,657	−3,360	−15,398

Figures for 2021 have been restated.
The fair value of forward financial instruments is determined with reference to their market value, calculated daily as part of counterparty risk measurements.

Note 6 – Additional information on counterparty risks relating to derivatives

6.1. Nature and method of the calculation

Risk equivalents and the effect of netting agreements are calculated in accordance with the principles established by ANC regulation no. 2014-07.
The positive replacement value of risk equivalents represents the market value of the contracts before taking account of netting agreements and guarantees received.

The gross add-on is based on the notional amount of the contracts multiplied by a weighting factor. The net add-on is calculated using the formula prescribed by Instruction 96-06, as follows:
- net add-on = 0.4 x gross add-on + 0.6 x NGR x gross add-on, where NGR represents the ratio between net replacement cost and gross replacement cost, for all transactions entered into under legally valid netting agreements.

Weighting factors used for each type of counterparty are consistent with those prescribed by Regulation 91-05: 20% for banks and 50% for clients.

	Gross risk-weighted assets		Net risk-weighted assets	
In thousands of euros	31/12/2021	31/12/2020	31/12/2021	31/12/2020
6.2. Breakdown of weighted risk equivalents by type of counterparty				
Banks	8,819	5,302	3,544	8,794
Clients	2,612	2,670	2,959	1,951

	Effect of netting		Effect of collateralisation	
In thousands of euros	31/12/2021	31/12/2020	31/12/2021	31/12/2020
6.3. Effect of netting on total weighted risk equivalents				
Banks	1,649	2,628	3,626	6,121
Clients	661	719	-	-

Note 7 – Average number of employees

	31/12/2021	31/12/2020
Operatives	75	85
Executives and senior management	311	307
Unclassified	87	74
Total	**473**	**466**

Pursuant to the provisions of the French Commercial Code, the Group publishes a breakdown by category of its average workforce during the period.

The number of workers employed part-time or for less than the full year is taken into account in proportion to the average time worked as compared to the full-time hours laid down by agreement or statute.

Note 8 – Additional information

8.1. The financial statements of Edmond de Rothschild (France) have been included in the consolidated financial statements of Edmond de Rothschild (Suisse) using the full consolidation method since 2019.

8.2. Post-balance sheet events

Russia's invasion of Ukraine, which began on 24 February 2022, has led to the closure of the Russian financial markets and numerous sanctions on Russian interests. We have taken all necessary steps to manage market risks, anticipate any failure by our partners and subcontractors to perform their obligations, and increase the security of our IT system.

The bank's business activities are not materially sensitive to any risks (business activity, financial, operational) arising from the Ukraine crisis in terms of:

- Business activity risks: we have no business flows with correspondents or companies in Russia, Ukraine or Belarus;
- Financial risks:
  - we have no Russian, Ukrainian or Belarusian banking counterparties;
  - we have no banking correspondents in Russian roubles or Ukrainian hryvnia;
- Operational risks: we do not currently have any transactions, for our own account or on behalf of a client, with Russian companies or on the Russian territory. In this risk category, like all companies we cannot rule out the risk of a cyberattack, but there is nothing at the moment to suggest that we might be specifically targeted.

At the time of writing, it is too early to assess all the direct and indirect effects arising from this crisis.

The parent company financial statements contained in this document were finalised on 1 March 2022 and will be presented for approval at the Annual General Meeting of 4 May 2022.

Note 9 – Transactions with related parties

9.1. Transactions with related natural persons and others

In thousands of euros	31/12/2021	31/12/2020
Loans and overdrafts	31,382	19,024
Assets	**31,382**	**19,024**

In thousands of euros	31/12/2021	31/12/2020
Demand deposits	311	11,714
Liabilities	**311**	**11,714**

In thousands of euros	31/12/2021	31/12/2020
+ Interest and similar revenues	440	163
Net banking income	440	163
Gross operating income	**440**	**163**

9.2. Transactions with related companies

Transactions related to the income statement

			31/12/2021	
In thousands of euros	Name	Relationship with the related party	Revenues	Expenses
- Revenues/expenses on transactions with credit institutions	EDRAM	Subsidiary	-	-
- Financial services	EDRAM	Subsidiary	-	-
+ Gains on sales of long-term financial assets	EDRAM	Subsidiary	-	-

			31/12/2020	
In thousands of euros	Name	Relationship with the related party	Reven ues	Expenses
- Expenses on transactions with credit institutions	EDRAM	Subsidiary	-	-
- Financial services	EDRAM	Subsidiary	-	-
+ Gains on sales of long-term financial assets	EDRAM	Subsidiary	-	-

Transactions in forward financial instruments

In thousands of euros			Amount
Total return index swap	EDRAM	Subsidiary	-

Parent company five year summary

	2017	2018	2019	2020	2021
Financial position at end of period					
Share capital	83,075,820	83,075,820	83,075,820	83,075,820	83,075,820
Number of shares in issue	5,538,388	5,538,388	5,538,388	5,538,388	5,538,388
Number of convertible bonds	-	-	-	-	-
Equity (1) *	265,156,000	264,804,000	284,811,000	278,917,000	245,769,000
Long-term funds (1) *	286,156,000	285,804,000	305,811,000	299,917,000	266,769,000
Total liabilities and equity *	3,424,862,000	3,644,336,000	3,854,863,000	3,824,002,000	4,600,841,000
Results of operations for the period					
Revenues excluding VAT	540,578,183	670,683,166	581,216,316	577,244,218	518,630,486
Income before tax, depreciation, amortisation and	19,891,140	42,852,972	23,535,467	4,210,399	74,121,769
Income tax expense	−19,757,739	−4,492,843	−36,204	−8,205,688	−4,841,986
Income after tax, depreciation, amortisation and	18,700,508	20,007,436	−5,894,022	−3,130,549	51,981,796
Dividends paid	19,052,055	-	-	5,759,924	50,011,644
Per-share data					
Income after tax but before depreciation, amortisation	7.16	8.55	4.26	2.24	14.26
Income after tax, depreciation, amortisation and	3.38	3.61	−1.06	−0.57	9.39
Dividend **	3.44	-	-	1.04	9.03
Employees					
Number of employees at end of period	511	483	474	470	473.00
Total gross payroll	44,734,108	43,136,381	41,161,182	39,506,869	40,427,718
Social security contributions and employee benefits	24,869,906	24,240,623	21,630,228	23,324,519	24,857,504
Mandatory employee profit-sharing	2,428,568	3,262,173	1,577,989	2,373,047	4,330,979

(1) Excluding net income for the year.
* Rounded to the nearest thousand euros.
** This dividend payment is subject to approval by shareholders as usual in the Annual General Meeting scheduled to take place on 4 May 2022.

Statutory Auditors' report on the consolidated financial statements
(For the year ended 31 December 2021)

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Edmond de Rothschild (France) for the year ended 31 December 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1st, 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Key audit matter

Measurement of goodwill and equity method investments	
Description of risk Goodwill, which corresponds to the difference between the acquisition price and the fair value of the assets and liabilities of the acquired entities, is detailed in Note 3.12 to the consolidated financial statements and amounted to 73.9 mn€ as at December 31, 2021. Equity method investments amounted to 66.1 M€ and are detailed in Note 3.9 to the consolidated financial statements. Goodwill is allocated to cash-generating units (CGUs) and tested for impairment at least once a year and whenever there is an indication that it may be impaired. Impairment occurs if the recoverable amount of an asset falls below its carrying amount, in which case an impairment charge is recognised against goodwill. We considered the measurement of goodwill and Equity method investments to be a key audit matter owing to: ▪ Its material value in the consolidated balance sheet; ▪ The degree of judgement required from management in terms of selecting the impairment test criteria and ; ▪ The material impact on the Group's results of an error of judgement or change in estimate.	**How our audit addressed this risk** We examined the methodology used by the Group to measure a potential need for impairment for goodwill and Equity method investments. Our work consisted primarily in the following : ▪ A critical assessment of the business plans used to establish the projected cash flows; ▪ A critical assessment of the assumptions used by management to determine the discount rates and the perpetuity growth rates used in discounted cash flow calculations, if necessary by comparing them with external sources ▪ In addition to the result of the quantitative approaches, we reviewed of the documentation prepared by the management regarding the qualitative elements which can come, if necessary ▪ Finally, the verification that the notes to the financial statements provided appropriate information.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verification required by laws and regulations of the Group's information given in the in the Executive Board's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial performance reporting required by Article L.225-102-1 of the French Commercial Code is included in the management report. We add that, in accordance with the provisions of Article L.823-10 of this Code, the information contained in this statement has not been the subject of our verifications of fairness or consistency with the consolidated financial statements and must be certified by an independent third party.

Report on other legal and regulatory requirements

Format of the presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of Deputy General Manager, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Edmond de Rothschild (France) by the Annual General Meeting of 25 May 1999.

As at 31 December 2021, both firms were in the twenty third year of total uninterrupted engagement.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it expects to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Executive Board.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of management of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.

They also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;

- Assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- Evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine, April 12, 2022

The Statutory Auditors
French original signed by

PricewaterhouseCoopers Audit...........Philippe Chevalier

Grant Thornton Audit............ Solange Aïache

Statutory Auditors' report on the financial statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Edmond de Rothschild (France) for the year ended 31 December 2021.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.
The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1st, 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Emphasis of matter

Without qualifying the opinion expressed above, we draw attention to the paragraph "Pensions and other employee benefit liabilities" of Note 1 "Accounting policies and measurement methods" that describes the change of the accounting method due to the application of the IFRS IC decision in relation with the evaluation and accounting methods of post-employment benefits and other similar benefits, and its consequences on the financial statements for the year ended December 31, 2021.

Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Key audit matter

Measurement of investments in subsidiaries, other long-term investments and associates	
Description of risk Investments in subsidiaries and associates, presented in notes 2.6 and 2.7 of the financial statements, represent one of the largest assets on the balance sheet (€214.9 m at 31 December 2021 compared to €230.0m at 31 December 2020) and a material portion of their measurement is based on estimates. As stated in Note 1 to the financial statements "Accounting principles and measurement methods", these investments are measured on the basis of their value in use. For listed securities, the share price is not the only criteria used for measurement purposes. Estimating the value in use of these securities requires management to exercise judgement when selecting the criteria to be taken into account, be it historical data (equity value, share price) or forecasts (e.g., business plans). Accordingly, we deemed the correct measurement of investments in subsidiaries and associates to be a key audit matter, due to the inherent uncertainty of certain components of the valuation, in particular the likelihood of achieving forecasts, and because an error of judgement by management could have a material impact on the year-end financial statements.	How our audit addressed this risk We assessed the documentation outlining the choices made by management among the various methods for measuring value in use. For valuations based on historical data: ▪ We verified that the equity values used were consistent with the audited financial statements of the entities valued. For valuations based on discounted projected cash flows: ▪ We verified that the cash flows had been reviewed by the management teams of the entities valued; ▪ We assessed the relevance of the main assumptions used.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Executive Board and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

With respect to the fair presentation and the consistency with the financial statements of the information relating to the payment deadlines mentioned in Article D.441-6 of the French Commercial Code (code de commerce), we have the following observation: As stated in the management's report, this information does not include bank and other related transactions, as your Company considers that such operations fall outside the scope of the information to be disclosed.

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance sets out the information required by article L.225-37-4 and L. 22-10-10 of the French Commercial Code.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Format of the presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Deputy General Manager, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.
Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.
We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Edmond de Rothschild (France) by the Annual General Meeting held on 29 May 1999 for PricewaterhouseCoopers Audit and for Grant Thonton Audit.

As at 31 December 2021, both firms were in the twenty third year of total uninterrupted engagement.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements presenting a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it expects to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Executive Board.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of management of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;

Assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- Evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine, April 12, 2022

The Statutory Auditors
French original signed by

PricewaterhouseCoopers Audit...........Philippe Chevalier

Grant Thonton Audit .... Solange Aïache

Statutory auditors' Special Report on Related Parties Agreements
(Annual General Meeting for the approval of the financial statements for the year ended 31 December 2021)

This is a translation into English of the Statutory auditors' Special Report on Related Parties Agreements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This report includes information required by European regulation and French law and should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Edmond de Rothschild France, we hereby report to you on related party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R. 225-58 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by

Article R.225-58 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS TO BE SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

We were not informed of any agreements authorised and entered into during the year to be submitted for the approval of the Annual General Meeting pursuant to the provisions of Article L.225-86 of the French Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE ANNUAL GENERAL MEETING

In accordance with Article R.225-57 of the French Commercial Code, we were informed that the execution of the following agreements, approved by the Annual General Meeting in previous years, have been continued during the past financial year.

Broker agreement with Edmond de Rothschild Asset Management (France)

Nature and purpose

Following the authorization of the Supervisory Board of December 12, 2002, Edmond de Rothschild

(France) entered into a brokerage agreement on December 16, 2002 with the company Edmond de

Rothschild Asset Management (France). This agreement has been subject of an amendment on July 30, 2007.

Edmond de Rothschild (France) holds 99.99% of the capital of Edmond de Rothschild Asset Management (France).

Modalities:

As part of relations with external partners promoting the range of UCITS managed by Edmond de Rothschild Asset Management (France) and by other related companies, Edmond de Rothschild (France) mandates Edmond de Rothschild Asset Management (France) to carry out the payment to the partners of the contribution of Edmond de Rothschild (France) under the agreements spent with said partners. Edmond de Rothschild (France) pays its contribution to Edmond de Rothschild Asset Management (France) on a summary invoice every quarter or every year. In 2021, Edmond de Rothschild (France) paid to Edmond de Rothschild Asset Management (France) 1,106,832 euros excluding taxes.

Persons concerned:

- Ms. Cynthia Tobiano is a member of the Supervisory Board of Edmond de Rothschild (France) and Chairman of the Supervisory Board of Edmond de Rothschild Asset Management (France).
- Mr. Philippe Cieutat is Chief Executive Officer of Edmond de Rothschild (France) up to October 1st, 2021 and Vice-Chairman of the Supervisory Board of Edmond Rothschild Asset Management (France).

Neuilly-sur-Seine, April 12, 2022

The Statutory Auditors
French original signed by

PricewaterhouseCoopers Audit..........Philippe Chevalier

Grant Thornton Audit........... Solange Aïache

Resolutions

First resolution

The General Meeting, having reviewed the report of the Executive Board, the observations of the Supervisory Board and the report of the Statutory Auditors on the parent-company financial statements, approves the balance sheet and income statement for the financial year ended 31 December 2021, together with the transactions recorded in those statements or summarised in those reports.

In accordance with Article 223 quater of the French General Tax Code, the General Meeting notes that the total amount of expenses within the meaning of Article 39(4) of the French General Tax Code was €294,618 in 2021, corresponding to €81,020 of income tax assumed.

Second resolution

The General Meeting, having reviewed the report of the Executive Board, the observations of the Supervisory Board and the report of the Statutory Auditors on the consolidated financial statements, approves the consolidated balance sheet and consolidated income statement for the financial year ended 31 December 2021, together with the transactions recorded in those statements or summarised in those reports.

Third resolution

The General Meeting, having read the special report of the Statutory Auditors, approves the agreements referred to in that report.

Fourth resolution

The General Meeting takes note that income available for distribution comprises (in euros):

Net income/loss in 2021	51,981,795.82
Retained earnings	32,170,878.58
Appropriation to the	-
Income available for	84,152,674.40

Net income available for distribution is appropriated as follows:

Distribution of a dividend of :	€9.03 per share
Making total dividends of:	€50,011,643.64
Retained earnings:	€34,141,030.76

In accordance with article 243 bis of the French General Tax Code, it is stated that the dividend qualifies for the 40% allowance for natural persons whose tax domicile is in France provided for in article 158-3 of the French General Tax Code.

The following dividends per share were paid in respect of the three previous financial years:

	2020	2019	2018
Dividend per share	1.04	-	
Amount eligible for relief under Article 158-3-2 of the French General Tax Code	40%	40%	40%

Fifth resolution

The General Meeting, having considered the result of work carried out in relation to the renewal of Cynthia Tobiano’s term of office as a member of the Supervisory Board, and noting that the criteria of integrity, knowledge, experience, skills and availability required by regulations in force are met, whereas the independence criteria are not met because of her employment within the Edmond de Rothschild group, resolves to renew Cynthia Tobiano’s term of office as a member of the Supervisory Board for a three-year term expiring at the end of the General Meeting convened to approve the financial statements for 2024.

Sixth resolution

The General Meeting, having considered the result of work carried out in relation to the renewal of François Pauly’s term of office as a member of the Supervisory Board, and noting that the criteria of integrity, knowledge, experience, skills and availability required by regulations in force are met, whereas the independence criteria are not met because of his employment within the Edmond de Rothschild group, resolves to renew François Pauly’s term of office as a member of the Supervisory Board for a three-year term expiring at the end of the General Meeting convened to approve the financial statements for 2024.

Seventh resolution

The General Meeting, having been read the Executive Board report and having been consulted in accordance with Article L. 511-73 of the French Monetary and Financial Code, approves the overall package of remuneration of all types amounting to €13,789,644 paid during 2021 to persons covered by Article L. 511-71 of the French Monetary and Financial Code for Edmond de Rothschild (France) and €2,228,382 for the Italian branch of Edmond de Rothschild (France).

Eighth resolution

The General Meeting, having been read the Executive Board report, and in order to ensure that the Group remains competitive in terms of remuneration, resolves that the variable element of the total remuneration of persons covered by Article L. 511-71 of the French Monetary and Financial Code may represent a maximum of twice their fixed remuneration. That decision shall apply to people with the following roles or meeting the following criteria:

Roles:

- members of the Executive Committee, the Executive Board and Senior Management,
- heads of Control Functions (Audit, Risk Management, Compliance) and those with managerial responsibilities that report to them,
- heads of Business Units and those with managerial responsibilities that report to them,
- heads of certain Support Functions (including Finance, HR, IT, Legal etc.),
- heads of Risk Management and Permanent Members of Risk Committees,
- heads of New Products and Permanent Members of New Products Committees.

Other criteria:

- managers of Risk-Takers,
- employees whose total remuneration is €500,000 or more and/or employees in the top 0.3% in terms of remuneration,
- employees whose total remuneration is at least equal to that of the Senior Management member with the lowest remuneration.